



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Private Bag X115, Pretoria, 0001 • 40 Church Square, PRETORIA, 0002 • Tel: +27 12 315 5111, Fax: +27 12 406 9055 • www.treasury.gov.za

Enquiries : Mr. R Rajlal
Tel : 012 315 5268
Email : Ravesh.Rajlal@treasury.gov.za

Mr. Mkhuleko Hlengwa, MP
Chairperson of the Standing Committee on Public Accounts
Parliament of the Republic of South Africa
P O Box 15
CAPE TOWN
8000

Dear Honourable Chair

RESPONSE TO THE STANDING COMMITTEE ON PUBLIC ACCOUNTS (SCOPA) ON THE DISPOSAL OF 51% OF GOVERNMENT'S SHAREHOLDING IN SOUTH AFRICAN AIRWAYS SOC LTD (SAA) TO A STRATEGIC EQUITY PARTNER (SEP)

On 9 March 2022, during the National Treasury's presentation to the Standing Committee on Public Accounts (SCOPA), the committee requested that National Treasury (NT) respond in writing to questions relating to the disposal of the majority of Government's shareholding in SAA. NT has been requested to respond within 14 days from the date of its appearance before the committee.

It is important that the committee notes that NT has played no role in the selection process of the preferred Strategic Equity Partner (SEP) including the conceptualisation, negotiation and the finalisation of the terms and conditions relating to the transaction. NT has raised concerns in relation to some of the terms and conditions, agreed to between the preferred and the Department of Public Enterprises (DPE). It must also be noted that the NT was only consulted after the DPE had concluded the Memorandum of Understanding and agreed on the principles of the transaction with the selected SEP.

Therefore, in response to questions posed by SCOPA, NT wishes to categorically state the following:

- i. ***What process has been undertaken?*** NT is not in a position to indicate which process was undertaken by the DPE as NT did not play any role in the selection process of the preferred SEP including the conceptualisation, negotiation and the finalisation of the terms and conditions related to the transaction.
- ii. ***Was the process followed compliant?*** NT is not able to state whether the process undertaken was compliant for the same reasons stated in (i) above.



- iii. ***Did NT give consent to the transaction?*** NT did not give any consent to the transaction as legal advice sought by NT indicated that approval in terms of Section 54(2) of the PFMA that was sought by SAA does not find application in this instance as it is Government, through the Department of Public Enterprises, as the shareholder selling its stake in SAA. Section 54(2) of the PFMA only finds application where a public entity concludes any of the transactions mentioned under Section 54(2) of the PFMA. Furthermore, the disposal of majority shareholding in SAA has already been approved by Cabinet and no approval, concurrence or noting is required from the Minister of Finance in terms of the PFMA. Therefore, the Minister of Finance only noted the intention of the DPE to dispose the majority of Government's shareholding in SAA and raised NT's concerns in respect of the terms and conditions of the transaction.

I trust that you will find the above in order.

Yours sincerely

DONDO MOGAJANE
DIRECTOR GENERAL

DATE: 18/3/2022.