



**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER: 1517 [NW1718E]**

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**1517. Mr R A Lees (DA) to ask the Minister of Finance:**

Whether any lenders imposed any conditions on the SA Airways (SAA) Board when each loan was granted to SAA in each of the past three financial years; if not, in each case, why not; if so, what (a) are the details of each condition and (b) progress has the SAA Board made to comply with the conditions in each case?

NW1718E

**REPLY:**

Lenders imposed terms and conditions on SAA as per normal Loan market standards. This practice is not unique to SAA and applies to all companies both public and private and across all markets including RSA, Europe and USA to name a few. The following terms and conditions are contained in SAA loan agreements and the Airline has complied and continues to comply with each of those conditions.

	<b>Financial Covenants</b>	<b>Complied with (Y/N)</b>	<b>Non-Financial Covenants</b>	<b>Complied with (Y/N)</b>
Project Phoenix Loans	<b>1. Non-payment</b> SAA does not pay on the due date any amount payable pursuant to a Finance Document at the place and in the currency in which it is expressed to be payable	Y	<b>1. Illegality / unlawfulness</b> It is or becomes unlawful for SAA or the Guarantor to perform any of its obligations under the Finance Documents	Y
	<b>2. Maintenance of insurance on assets</b> SAA maintains insurances with insurance companies to such an extent and against such risks as companies engaged in similar business normally insure.	Y	<b>2. Change of control</b> SAA's reporting lines change from the current reporting line, being National Treasury and the Minister of Finance, to another party.	Y
	<b>3. Negative pledge</b> SAA shall not unless otherwise agreed to in writing by the Lenders, create permit to subsist any Security over any of its assets.	Y	<b>3. Misrepresentation</b> Any representation or statement made or deemed to be made by SAA or the Guarantor in the Finance Documents or any other document delivered by or on behalf of SAA or the	Y

Financial Covenants	Complied with (Y/N)	Non-Financial Covenants	Complied with (Y/N)
		Guarantor under or in connection with any Finance Document is or proves to have been incorrect or misleading in any material respect when made or deemed to be made.	
<p><b>4. Disposals</b></p> <p>SAA will not enter into a single transaction or a series of transactions and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset.</p>	Y	<p><b>4. Audit qualification</b></p> <p>The Auditors of SAA qualify the audited annual consolidated financial statements of SAA or any of its Affiliates.</p>	Y
<p><b>5. Taxes</b></p> <p>SAA will maintain its status as a statutory body established in accordance with laws of South Africa and will maintain its tax residence in South Africa and ensure that it is not resident or liable to tax in any other jurisdiction.</p>	Y	<p><b>5. Government Guarantee</b></p> <p>The guarantee ceases to be legal, valid, binding and enforceable or otherwise ceases to be effective.</p>	Y
<p><b>6. Merger</b></p> <p>SAA shall not, unless otherwise agreed to by the Lenders in writing, enter into any joint venture, amalgamation, demerger or corporate reconstruction.</p>	Y	<p><b>6. No breaching of laws</b></p> <p>SAA has not breached any law or regulation which breach has or might reasonably be expected to have a Material Adverse Effect.</p>	Y
<p><b>7. Acquisition</b></p> <p>SAA shall not unless otherwise agreed to by the Lenders in writing, acquire or subscribe for shares or other ownership interest in or securities of any company or other person, or acquire any business, assets or incorporate any company or other person.</p>	Y	<p><b>7. Material adverse effect</b></p> <p>No material adverse effect has occurred.</p>	Y
<p><b>8. Cross default</b></p> <p>Any financial indebtedness of SAA which is not paid due nor within any originally applicable grace period, or declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default, or cancelled or suspended by a creditor of SAA which as a result of an event of default.</p>	Y	<p><b>8. Constitutional documents</b></p> <p>SAA will ensure that no change is made to its constitutional documents without prior written consent of the Lenders where such change has or is reasonably likely to have a Material Adverse Effect.</p>	Y
	Y	<p><b>9. Sanctions</b></p> <p>SAA and to the best of knowledge of SAA having made due and careful enquiry, its Affiliates, are not Sanctioned Entities, to the extent applicable, or have not participated in a Sanctioned Transaction or have not contravened and Sanctions or are not targeted under any Sanctions.</p>	Y
	Y	<p><b>10. Compliance to anti-</b></p>	Y

	Financial Covenants	Complied with (Y/N)	Non-Financial Covenants	Complied with (Y/N)
			<p><b>corruption laws</b></p> <p>SAA to the best knowledge of SAA having made due and careful enquiry, and each of its Affiliates, has conducted its businesses in compliance with Applicable Anti-Bribery Law and has instituted and maintains policies and procedures designed to promote and achieve compliance with such laws.</p>	
			<p><b>11. Change of business</b></p> <p>SAA shall procure that no substantial change is made to the general nature of the business of SAA from that carried on at the signature date.</p>	Y
			<p><b>12. Financial year end</b></p> <p>SAA shall not change its Accounting Reference Date.</p>	Y
			<p><b>13. Change in Auditors</b></p> <p>SAA may only replace its Auditors with the prior approval of the Lenders, such approval not to be unreasonably withheld or delayed.</p>	Y
			<p><b>14. Expropriation</b></p> <p>The authority or ability of any affiliate of SAA to conduct its business is wholly or substantially curtailed by any seizure, expropriation, nationalisation, intervention, restriction or other action by or on behalf of any governmental, regulatory or other authority or other person.</p>	Y