

**NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 2633 [NW3347E]**

2633. Mr G G Hill-Lewis (DA) to ask the Minister of Finance:

- (1) What (a) total number of government guarantees have been granted to the SA Airways for the purposes of assisting the public entity to secure loans from credit providers since the Minister of Public Enterprises took charge of the airways on 31 March 2007 (details furnished), (b) was the monetary value of each government guarantee, (c) was the date of each government guarantee that was granted and (d) was the justification for each government guarantee that was granted;
- (2) which of the specified guarantees have had to be paid out to creditors, either partially or in full, by Government due to SAA not being able to repay the loans on its own?

NW3347E

REPLY:

Government guarantees granted to SAA

SAA GUARANTEES	Date issued	Amount (R' Million)
Going Concern Guarantee	March 2007	1 300
Going Concern Guarantee	September 2009	1 600
Going Concern Guarantee	July 2012	5 006
Going Concern Guarantee	December 2014	6 488
Going Concern Guarantee	September 2016	4 720
Total Guarantees issued		19 114

SAA has been granted several guarantees since being unbundled out of the Transnet Group in 2007. All the guaranteed issued to SAA were for the granted to allow the airline to meet the going concern requirements for signing off the airline's financial statements. Total guarantees granted from 2007 to date amount to R19.1 billion.

Due to the poor financial performance and deteriorating solvency position of the airline, SAA could not raise debt funding on the strength of its balance sheet. Local and international lenders thus required any funding provided to SAA to be backed by a sovereign guarantee. Each of the

guarantees provided to SAA was based on business plans which forecasted that the airline would attain financial sustainability and be able to settle its debts from internally generated funds.

Government guaranteed obligations settled through recapitalisations from government

Since June 2017, R26.4 billion of the recapitalisations that government provided to SAA have been made to settle the airline's government guaranteed obligations. This includes R10.3 billion of the R16.4 billion announced in the February 2020 budget that will be provided to SAA over the 2020 Medium Term Expenditure Framework (MTEF) for the settlement of government guaranteed obligations but excludes the R10.5 billion for business rescue implementation announced in the 2020 Medium Term Budget Policy Statement (MTBPS).

Historically, once SAA's guaranteed obligations have been settled, the airline had used its freed-up guarantee facility to raise additional government guaranteed debt. Conditions have been put in place to reduce this risk to the fiscus.