

**NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 2647 [NW3361E]**

2647. Dr D T George (DA) to ask the Minister of Finance:

- (1) With reference to his statement in his Budget Speech on 26 February 2020 that provisional allocations will only be confirmed once certain requirements have been met, and considering the fact that SA Airways (SAA) has now been allocated its initial provisional allocation of R6,5 billion in the 2020 Medium Term Budget Policy Statement (MTBPS), what (a) were the requirements that had to be met for SAA to qualify for the provisional allocation of R6,5 billion, (b) were the reasons for the specific requirements that were chosen and (c) date/s was/were each requirement met;
- (2) whether he has found that the allocation in February of R16,4 billion, along with the MTBPS bailout of R10,5 billion, coupled with the confirmation of the R6,5 billion allocation, puts the total monies allocated to SAA in the 2020 calendar year at R33,4 billion; if not, (a) what total amount has he found the total allocation for the 2020 calendar year to be and (b) how did he calculate it;
- (3) what framework did he use to determine whether it was worth spending yet more money on SAA compared to rather being able to cover the costs of building more than 66 000 RDP houses?

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REPLY:

1. Provisional allocation

The R6.5 billion formed part of the R16.4 billion announced by during the February 2020 budget speech for payment of guaranteed debt and interest. This amount was split as follows:

- i. R10.3 billion in 2020/21
- ii. R4.3 billion in 2021/22; and
- iii. R1.8 billion in 2022/23.

Of the R10.3 billion in 2020/21, only R3.8 billion was included in the Appropriation Act (7 of 2020) leaving R6.5 billion unappropriated. SAA had R3.6 billion government guaranteed debt maturing

on 31 July 2020 and the amount already included in the Appropriation Act was utilised to settle this debt. Additional government guaranteed debt of R6.7 billion matured on 31 August 2020 for which section 6 of the Appropriation Act (7 of 2020) was invoked in order for the debt to be settled.

2. Total allocation to SAA for 2020/21

Of the R16.4 billion allocated to SAA at the time of the February budget speech, R10.3 billion was allocated in the current financial year to pay for maturing government guaranteed debt. The balance of R6.1 billion will be allocated to SAA over the next two fiscal years as and when the airline's government guaranteed debt matures.

An additional R10.5 billion was allocated to SAA in 2020/21 to provide for the implementation of the airline's business rescue.

Therefore, the total amount that has been allocated to SAA in the 2020/21 fiscal year amounts to R20.8 billion.

3. Framework used to determine funding allocation to SAA

SAA was placed into voluntary business rescue on 6 December 2019, following which the business rescue practitioners concluded a creditor approved business rescue plan which required additional funding for implementation.

Cabinet advised by Inter-ministerial Committee (IMC) on SAA, took a decision not to place SAA under liquidation but rather to support the business rescue plan. The allocation of the R10.5 billion for the implementation of SAA's business rescue plan is proposed by Cabinet for parliament's consideration and approval.