

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 3963 [NW4830E]
DATE OF PUBLICATION: 13 NOVEMBER 2015

Ms D Carter (Cope) to ask the Minister of Finance:

- (1) Whether the National Treasury in particular is aware of a certain person's (name and details furnished) alleged (a) amendment of a lease agreement with Airbus leading to its cancellation by Airbus, (b) request for R1.6-billion from the National Treasury to use as down-payment to purchase new aircraft and (c) role in scuppering the partnership deal with Emirates; if not, what is the position in each case; if so, (i) what role did the National Treasury play in supporting or opposing the specified person's moves and (ii) what was the outcome thereof;
- (2) whether he will make a statement on the R2.59-billion loss incurred by South African Airways in the 2013-14 financial year and what benefits the country got from the R30-billion that government gave to the SA Airways in bailouts, loan guarantees and grants since 2007?

NW4830E

REPLY:

- (1) (a) SAA had previously submitted an application in terms of Section 54(2) of the Public Finance Management Act (PFMA) for approval to amend the A320 purchase agreement with Airbus to enter into a lease of 5 A330 aircraft from Airbus. This was approved by the Minister in July 2015. Subsequently, SAA have submitted a further application as required in terms of Section 54(2) of the PFMA to amend the original Section 54(2) approval to provide for amendments to structure of the swap transaction. National Treasury (NT) issued a statement clarifying the outcomes in respect of this application on 3 December 2015. NT is not aware of any cancellation by Airbus. To the contrary, NT is aware that Airbus have extended the period for concluding the transaction.

(b) No request for funding has been received by National Treasury from SAA.

(c) NT has been informed that the SAA Board is still consulting on aspects of the proposed expansion of the existing partnership with Emirates.
- (2) The question regarding the R2.59 billion loss in 2013/14 should be referred to the Minister of Public Enterprises who was the Executive Authority responsible for SAA over that period.

In total R14.4 billion of guarantees have been provided to SAA and a total of R2.293 billion in funding has been transferred to SAA since 2007. This information is reported in the Estimates of National Expenditure and the Budget Review.

Oxford Economics undertook a study on the economic benefits arising from SAA's long-haul international routes during 2014. According to the study, there was a direct contribution of R350 million to South African GDP, around R800 million extra was generated in tax revenue and 5000 jobs were supported. In addition, the study estimated that, through SAA's international operations, R5.9 billion was added to GDP in the tourism sector supporting 27000 jobs. The study did not estimate the further positive benefits arising from SAA's operations for trade, nor did it look at the impact of SAA's domestic and regional operations.