



public enterprises

Department:
Public Enterprises
REPUBLIC OF SOUTH AFRICA

UNIONS - BAR PILOTS - ACCEPT SEVERANCE PACKAGES FROM SAA

PRETORIA 7 July 2020 - The Department of Public Enterprises (DPE) is encouraged that labour unions, and representatives of non-unionised managers and ground staff, have agreed to accept the South African Airways (SAA) voluntary severance packages (VSPs) which will be supported by a social plan and skills development programme for employees who will be retrenched.

During a Labour Consultative Forum (LCF) meeting, convened today by labour unions, the parties agreed *“that they had no objection to SAA/DPE offering to individual employees a Voluntary Severance Package as proposed by the DPE”*.

The position of the SAA Pilots Association (SAAPA) in respect of the VSPs remain unclear at this stage. SAAPA has indicated that they do not oppose the outcome of today’s LCF meeting but the union is seeking to embark on a parallel process through which they want to consult the Business Rescue Practitioners (BRPs) for SAA about the severance packages.

The DPE welcomes this endorsement of the VSPs by the National Transport Movement (NTM), the South African Transport and Allied Workers Union (SATAWU), the Aviation Union of Southern Africa (AUSA), Solidarity, the National Union of Metalworkers of South Africa (NUMSA), the South African Airways Cabin Crew Association (SACCA) and representatives of SAA non-unionised managers and ground staff.

The DPE appreciates the level of commitment and cooperation from these unions and staff representatives to accept fair and reasonable severance packages in the interest of their members, at a time when the devastating consequences of the COVID-19 pandemic are causing thousands of job losses in the global aviation industry.

In terms of today's agreement, 1 000 SAA employees will be retained. Around 2 700 SAA employees will be retrenched and will be able access the VSPs as soon as a business rescue plan for SAA is endorsed by a creditors vote.

The following VSP benefits were agreed to:

Voluntary Severance Packages	
	1 week Severance
	1 month Notice
	Leave paid out
	pro rata 13th Cheque
	*Minimum Package after calculations above: R200k
	Severance Calculated on 5.9% unpaid salary increase
	5.9% salary increase backpay
Incentive	TCE R0-R450k: R100k
	TCE R450k-R550k: R75k
	TCE R550k-R750: R50k
	Average Severance packages per employee category.
Front Line	
Cabin Crew	R352 588
Pilots	R1 960 068
Ground Staff	
Cargo	R351 674
Operations	R351 209
Simulator	R476 976
Support	
Back Office	R379 245
Contractors	R376 538
Management & Specialists	R477 192
total	R 2,277 bn

The BRPs have scheduled a creditors meeting for Tuesday 14 July 2020 to vote on the business rescue plan. A vote in favour of the business rescue plan by 75% of the voting interests would be required to carry the vote. Today's agreement at the LCF brings important momentum towards the adoption of a business rescue plan for SAA by creditors.

Other VSP conditions agreed to at the LCF include:

- As part of a skills development and social plan, **a further 1 000 employees** will be placed on a Training Layoff Scheme for 12 months;
- They will remain employees of SAA whilst on training layoff but will not receive a salary during the 12-month period. SAA will contribute a maximum of R4 650 towards their pension, UIF and company medical aid;
- SAA will assist employees with securing additional benefits, including TERS (temporary employee relief scheme) from the UIF;
- These employees will get preference when a position becomes available in a new, restructured national airline that must emerge from the SAA business rescue process, provided they have the required skills and competence;
- If an employee does not secure a position within 12 months, the employee's services will be terminated and such an employee will receive a severance package, as per the schedule of benefits outlined above;
- SAA reserves the right to withdraw the training layoff offer for the sake of retaining critical skills;
- All severance packages will be topped up by SAA in the event that any package is less than R200 000, to ensure all packages provide minimum benefits; and
- VSPs for employees include one week calculated per year of completed service, one-month notice pay, accumulated leave paid out and a 13th Cheque

The DPE believes that the VSPs and a positive vote to finalise the business rescue process would be the most expeditious option for the national carrier to restructure its affairs, its business, debts and other liabilities, resulting in the emergence of a new viable, sustainable, competitive airline that provides integrated domestic, regional and international flight services.

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ENDS.