



public enterprises

Department:
Public Enterprises
REPUBLIC OF SOUTH AFRICA

MEDIA STATEMENT

DPE DISMAYED AT SAA PILOTS' INSISTENCE TO FURTHER CRIPPLE THE AIRLINE

PRETORIA 13 July 2020 – The Department of Public Enterprises (DPE) is dismayed and concerned by the South African Airways Pilots Association's (SAAPA) determination to squeeze the last resources out of SAA ahead of the crucial business rescue vote scheduled for tomorrow (14 July 2020).

As the shareholder on behalf of the government, the DPE is disappointed that it has not dawned on the pilots that SAA is financially depleted, that the airline is in business rescue and fighting for its survival.

The DPE calls on individual pilots to accept SAA's Voluntary Severance Packages (VSPs) and reject their union's greedy demands, which appear to be magnanimous. SAAPA has made proposals, including to the SAA Business Rescue Practitioners that create the optical illusion of financial savings for the airline.

In reality these proposals are motivated by greed, it transfers a financial burden to a new airline that must emerge from the business rescue process and it motivates for pilots to hold on to historic benefits at the cost of all other SAA employees.

The VSPs available to all employees include one week calculated per year of completed service, one-month notice pay, accumulated leave paid out, the severance criteria to be calculated on a back-dated 5.9% wage increase which was agreed to in November last year, a 13th Cheque and a skills development model.

The DPE is aware that in their quest to seek benefits, which are far more costly, SAAPA's proposals are more lucrative and financially rewarding to themselves than any other class of employees at the airline. SAAPA plans to insist on amendments of the rescue plan during tomorrow's vote. Such insistence can cause further delays and a possible postponement to the vote, which will be to the detriment of the future of the airline.

The DPE wishes to put it on record that the 600 SAA pilots make up 13% of SAA staff, and yet they consume 45% of the wage bill. The lowest of SAA's 170 senior pilots earns R3.6-million a year, excluding perks and incentives. Of the R2.2 billion proposed budget for the VSPs, pilots will get more than R1 billion.

Despite many meetings and clarification that SAAPA has no objection to the airline's Voluntary Severance Packages (VSPs), which are being offered to individual members, SAAPA continues to rally against the business rescue plan.

We believe that SAAPA's proposals are misleading. Whilst it makes the VSPs look very attractive for some employees, it does not highlight the financial risks it creates for the remaining employees and the company. The terms and conditions of employment on which SAAPA insists for pilots is still based on the premise that SAA is an internationally competitive and profitable company when in fact the airline is insolvent and in business rescue.

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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**Issued by: The Department of Public Enterprises
13 July 2020**