



public enterprises

Department:
Public Enterprises
REPUBLIC OF SOUTH AFRICA

MEDIA STATEMENT

THE FINAL LIQUIDATION ORDER OF SA EXPRESS

14 September 2022. The Department of Public Enterprises has noted with great disappointment the final liquidation order granted by the Gauteng High Court on South African Express Airways after liquidators could not find a suitable buyer for the regional airline.

The Department sympathizes with the employees of the regional airline who were not able to receive any compensation after years of working at SA Express.

The liquidation of SA Express is a result of many factors including years of bad management, state capture, corruption and exacerbated by the impact of the Covid 19 pandemic on the global aviation market.

SA Express was placed in business rescue by one of the suppliers of the airline to save the business; however, due to the current fiscal constraint, Government was not able to provide the post commencement finance to implement a successful rescue process. The BRP then applied for provisional liquidation which was granted on 29 April 2021.

There were three different attempts by provisional liquidators to attract credible buyers including a crowd funding initiative by employees to buy the airline, but none had the requisite financial resources to sustain the business post the sale.

It is against this background that the Department empathize with all the employees of SA Express who started the regional airline and built it into a national brand, but who will walk away without any incentives.

The liquidation of SA Express brings into stark reality the impact of state capture, corruption, and bad management in our State-Owned Enterprises, and in particular the devastating consequence on the livelihoods of employees of the regional airline.

The Judicial Commission of Inquiry into State Capture, part 1 report released earlier this year by Chief Justice Raymond Zondo on SA Express detailed evidence of deep-rooted corruption and fraud at the regional airline.

The findings of the Commission's Report Part 1 detailed the following:

- SA Express was improperly awarded a 5-year contract by the North West Province in respect of the Mafikeng- Johannesburg and Pilanesberg- Johannesburg and Cape Town routes.
- Funds were paid with no services rendered.
- There is evidence that public funds were syphoned out of North West government's coffers to various individuals and organs of state.
- By 2019, a criminal investigation was underway and High Court litigation had been instituted. However, by the time the Commission heard evidence emanating from this investigation, in June 2019, the criminal process had not gained any substantial momentum.

The Department urges the law enforcement agencies to speed up the investigations into the allegations of corruption and fraud and bring those responsible for the damage caused to our SOE to book.

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