



**MINISTRY
PUBLIC ENTERPRISES
REPUBLIC OF SOUTH AFRICA**

For immediate release

19 November 2019

Public Enterprises Minister Pravin Gordhan held meetings with trade unions involved in the South African Airways strike in his Pretoria office today (Tuesday).

He met both the National Union of Metalworkers Union of South Africa (NUMSA) and the South African Cabin Crew Association (SACCA). The meetings were held at the request of the unions, led respectively by Irvin Jim, the General- Secretary of NUMSA, and Zazi Nsibanyoni-Mugambi, President of SACCA.

The meeting was an opportunity for an open and frank exchange of information between the Minister and the union leaders. It did not consider the intricacies of the salary negotiations in detail, as that is being handled by the SAA management team.

While the Minister reiterated the government's commitment to saving the airline, he strongly urged the unions to work with the airline's management to find a speedy resolution to the impasse. The ultimate aim is to ensure that both jobs and the airline can be saved. He also emphasized that the fiscus is not in a position to offer more financial support to the airline.

The Minister expressed his hope that "section 189a" process introduced at the airline would be a constructive opportunity for the unions and the management to come up with constructive ways that could help save the airline. This would require everybody to make sacrifices.

This process commenced today as part of the Council for Conciliation, Mediation and Arbitration (CCMA) today. It is meant to facilitate a broader discussion about the airline. The reality is that everybody must make sacrifices in order to save the airline and jobs.

It needs to be borne in mind that the government is not in a position to make money available to the airline. The pattern of bailouts has become a moral hazard.

"Over the last three years, the government has provided more than R20.5 billion of fiscal support to SAA. No further financial resources can be advanced to the carrier. The Government is facing severe fiscal constraints. Even if there were funds available, there is no legal mechanism to provide funding to SAA in the current year. The funds that Government has committed to provide over the next three years have been earmarked for the repayment of SAA's outstanding debt."

A restructuring of SAA's business is required to return the airline to profitability. In addition to growing revenues, efficiencies must be improved and costs will need to be reduced across the board. Savings in excess of R500-million have been realised through renegotiating procurement contracts, many of which were concluded at inflated prices during the era of state capture.

More effort is required to respond to the cash shortfall that the airline is experiencing in this financial year. Unfortunately the strike is not helping as it exacerbates the financial crisis and might put the airline in a precipitous position.

Ends

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