



SOUTH AFRICAN AIRWAYS

South African Airways
Airways Park, Jones Road
OR Tambo International Airport
Johannesburg, South Africa.

Private Bag X13
OR Tambo International Airport,
1627

South African Airways (SOC) Limited (in business rescue)

Registration number 1997/022444/30

(“SAA”, “The Company”)

January 2021

Report to the Companies and Intellectual Property Commission

and to all Affected Persons

In terms of section 132(3)(a) of the Companies Act 71 of 2008 (“Act”)

Prepared by:

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Joint Business Rescue Practitioners (“BRPs”)

Directors

MG Qhena* (Interim Chairperson), JB Crawford* NO Fadugba¹ EL Van Harte* MP Tshisevhe * MMB Zwane*

*Interim Non-Executive Director

¹ British Citizen

Company Secretary – RN Kibuuka

South African Airways SOC Ltd

Reg. No. 1997/022444/30

A STAR ALLIANCE MEMBER 



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1. Introduction

1.1. In terms of section 132(3) of the Companies Act 71 of 2008, as amended (“the Act”), if a company’s business rescue proceedings have not ended within three (3) months after the start of those proceedings, or such longer time as the court, on application by the practitioner, may allow, the practitioner must –

1.1.1. prepare a report on the progress of the business rescue proceedings, and update it at the end of each subsequent month until the end of those proceedings; and

1.1.2. deliver the report and each update in the prescribed manner to each affected person, and to the:

1.1.2.1. Court, if the proceedings have been the subject of a court order; or

1.1.2.2. Commission, in any other case.

1.2. Therefore, as required, this **Eleventh Update Report** is being tabled in terms of section 132 (3) (a) of the Act.

2. Since the Tenth Update Report of December 2020

2.1. Business Rescue Plan:

2.1.1. The 2nd tranche of funding made available by the Department of Public Enterprises (“DPE”), in respect of the restructuring of the Company, was received in late January 2021. Certain conditions were attached to the utilization of the funding, which included *inter alia* that same needed to be utilized for:

2.1.1.1. Payment of three (3) months salaries as part of the settlement of unpaid salaries;

2.1.1.2. Payment of post-commencement creditors;

2.1.1.3. Working capital for the Company; and

2.1.1.4. Payment of voluntary severance packages (“VSPs”) for non-management staff, in the amount of R948 million.



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- 2.1.2. Following the payment of 2 623 employees (a total of R240m in salary settlement in December 2020), a further 1 138 employees agreed to the salary settlement and received payments totaling R147 million. As at the end of January 2021, a total of 3 761 employees had received payments in respect of the unpaid salary settlement.
- 2.1.3. The BRPs, alongside the Company staff, continued to reconcile amounts due to post-commencement creditors.
- 2.1.4. The calculations and necessary procedures in respect of obtaining tax directives for the payment of the VSPs were performed in January 2021.
- 2.2. Employees:
 - 2.2.1. As was articulated in the Tenth Update Report, a notice of lockout was issued to the South African Airways Pilots Association (“SAAPA”) with effect from midday on 18 December 2020 (“the Lockout”).
 - 2.2.2. Following the dismissal by the Labour Court of the application by SAAPA to have the Lockout declared illegal, an application for leave to appeal the judgment was lodged by SAAPA and subsequently declined.
 - 2.2.3. The Lockout remains in force.
 - 2.2.4. Following negotiation attempts, both on and off the record, with SAAPA during the month of January 2021 same have still not come to fruition.
 - 2.2.5. The finalization of the s189 process continues through the population of the organization structures.
- 2.3. Operations:
 - 2.3.1. No commercial operations have been undertaken since the suspension of operations at the end of September 2020.
- 2.4. Litigation:
 - 2.4.1. Legal Proceedings – National Union of Metalworkers of South Africa (NUMSA) and South African Cabin Crew Association (SACCA)



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2.4.1.1. Pursuant to the payment of monies, in respect of employees whose union had accepted or individual employees who had signed the agreement, an urgent application was launched by these unions to compel the Company and BRPs to make payments to their respective members of amounts due per the agreement.

2.4.1.2. The application was heard on 28 January 2021 with judgement being reserved.

3. Proof of Claims

3.1. Many claims have been lodged with the BRPs for proof but there remain a large number of claims outstanding and creditors who have yet to submit their claims are encouraged to do so as soon as possible.

3.2. Claims can be submitted via the online form, which can be found on www.matusonassociates.co.za/saa. A claim form has been provided ([Manual Claim Form](#)) for those unable to complete the online form.

3.3. A mechanism for the resolution of disputed claims has been provided in the Plan in the event that any dispute cannot be resolved between the BRPs and the creditor.