



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”)

December 2020

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 (“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 **Tenth Update Report** is being tabled in terms of section 132 (3) (a) of the Act.

2. **Since the Ninth Update Report of November 2020**

2.1. Business Rescue Plan

2.1.1. The 1st tranche of funding made available by the Department of Public Enterprises (“DPE”) in respect of the restructuring of the Company was received in late November 2020.

2.1.1.1. Certain conditions were attached to how the money should be utilized which would not allow the full settlement of the salaries accrued and owing to employees for the period 1 April 2020 to 30 November 2020.

2.1.1.2. Following numerous engagements between the BRPs and the DPE, the DPE undertook to negotiate with the labour unions in respect of concluding a settlement agreement in respect of the outstanding salaries.



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of 1 week per year of service and

2.2.2.3. The agreement of new salary scales for Captains and First Officers

2.2.2.4. The impact of the lock out on pilots' remuneration and benefits from the 18th December 2020 until the lock-out is lifted by the Company is as follows:

2.2.2.4.1. No salary is paid, is due or accrues to pilots.

This includes all elements of remuneration, including *inter alia* normal cash component, computer allowance, car allowance, check pilot allowance, training Captain allowances, TERS, etc. There is also no interest due or that accrues;

2.2.2.4.2. No 13th cheque accrues or will be paid during the period of lock out;

2.2.2.4.3. No pension fund contributions are due or accrue or will be paid over to the relevant pension or provident funds;

2.2.2.4.4. No Risk & Administration contributions are due or accrue or will be paid over to the relevant pension or provident funds, effective from 1 January 2021 thus impacting on any death or disability claims;

2.2.2.4.5. No premiums are due and payable in respect of the SAA Group Funeral Scheme, thus impacting the potential of a death claim during the lockout period.

2.2.2.4.6. There is no leave and sick leave accrual during



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the period of lockout.

2.2.2.5. As at the date of publication of this update, the lock-out remains in place.

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 – The Airline Pilots Association of South Africa (ALP-SA), to which the South African Airways Pilots Association (“SAAPA”) is an affiliate.

2.4.1.1. Pursuant to the issuance of the lockout notice to SAAPA lodged an urgent application with the Labour Court regarding the legality of the lockout instituted by SAA.

2.4.1.2. The case was heard on 29 December 2020 with judgement being received on the same day.

2.4.1.3. The application was dismissed by the Labour Court and the lock-out remains in place.

2.5. Other Matters

2.5.1. On 9 December 2020, an interim board of six (6) non-executive directors was appointed by the DPE to the Company. The directors are:

2.5.1.1. Mr Geoff Qhena (Chairperson)

2.5.1.2. Mr Peter Tshisevhe,

2.5.1.3. Ms June Crawford,

2.5.1.4. Ms Bembe Zwane,

2.5.1.5. Professor Edna van Harte and

2.5.1.6. Mr Nick Fadugba.

2.5.2. The directors held numerous meetings with various parties within the Company as well as with the Business Rescue Practitioners during the



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month of December 2020 in order to acquaint themselves with the current status of the Company and the business rescue process.

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 before 31 January 2021.
- 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.