



EFF STATEMENT ON LACK OF FINANCIAL STATEMENTS IN THE SALE AND PRIVATISATION OF SAA

Tuesday, 10 May 2022

The EFF is appalled by the revelation that South African Airways (SAA) was sold to Takatso Consortium, without any audited financial statements having been submitted since 2017 or any credible due diligence in the absence of audited financial statements. This essentially means that this sale was made without any verifiable evidence of the financial position of SAA being provided to its buyers, and no profit or risk assessment being made by the state itself, and essentially amounts to looting of public assets by cronies.

Financial statements are essentially a record of a company which shows the position of the company in terms of assets and liabilities. In the case of SAA, the main things in the assets will be all properties, monies, cash and investments accounted for, but also all monies that the organisation is owed by people. Prior to the sale of SAA, financial statements of the entity would have illustrated the income that a company was able to make in a given year and also the expenses it incurred. This is important because it shows clearly if a company is making losses or profit on an annual basis, but also what is being sold operationally.

The fact that the Minister of Public Enterprises, Pravin Gordhan, is hiding behind legal and commercial grounds as a reason for a secretive transaction with public assets is evidence enough that the transaction is rotten. Only mafias will buy a transaction without due diligence if the intention is not to operate a functional business. It is now clear that what Coleman Andrews did to SAA is nothing compared to what Gordhan is doing, selling off the entire state asset for a penny.

The EFF is vindicated by the revelations and admissions by the Minister of Public Enterprises, who tried to fudge the matter with technical language without saying anything, that the sale of SAA was not informed by any strategic purpose. This is not only negligent, but reveals a nefarious deal which was struck not for the best interest of the airline, the state, or even the bidders themselves, but purely for the sake of stripping the state of its aviation capacity and

surrendering it to the private sector. The Minister continues to throw around meaningless phrases such as "aviation sustainability" while arrogantly demanding to have the last say in a meeting meant for Members of Parliament to hold him accountable.

Furthermore, the EFF is correct that the narrative of failing State-Owned Entities being rolled by liberal media and those who are committed to auctioning state assets is a sponsored narrative resembling Bell Pottinger tactics used by the Guptas. The EFF has long said that the sale of SOE's has nothing to do with their unsustainability, rather, it has been poor management of these entities and their deliberate collapse by corrupt elements. It is those who seek to repay their debts to their funders, who are orchestrating the auction of SOE's.

The fact that on 22 February 2022 the purchase agreement was signed by all parties in the SAA deal is appalling given that there are so many other processes that have not been exhausted. We call for Treasury to find a budget within its means to maintain SAA as it is doing right now. SAA's operations so far are not financed by any partner yet its operations are seamless and more routes have been helpful in generating and stabilising SAA. The EFF will table private member's bill to amend the South African Airways Act to give the government shareholder responsibility to more than one minister and a far much comprehensive public consultation process before disposal of any of SAA shares. What SAA need is strategic partners who bring something practical to the table to operate with a development mandate, not Gordhan's cronies who have never managed an airline before.

ISSUED BY THE ECONOMIC FREEDOM FIGHTERS

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