

'Very unusual': Parliamentary committee shuts out media for Gordhan's SAA hearing

Carol Paton 28 February 2024

- **Parliament's Public Enterprises Committee has closed its doors to hear evidence on SAA from Minister of Public Enterprises Pravin Gordhan.**
- **Gordhan requested an in camera hearing and that MPs sign non-disclosure agreements before he shows them documents that led to the selection of Takatso as an equity partner to SAA.**
- **The Auditor-General told MPs earlier that says that the Department of Public Enterprises had also not given it access to the revaluation of SAA.**

Parliament's Portfolio Committee on Public Enterprises on Wednesday took the very unusual decision to hold an in camera meeting at the request of Minister Pravin Gordhan who said he was unable to provide sight of crucial documents in the SAA-Takatso transaction.

Parliamentary committee meetings are public meetings and can only be closed when circumstances justify confidentiality.

Committee chair Khaya Magaxa asked the media and the public to leave the meeting while the committee decided whether the information should be withheld from the public or whether it would ultimately be made public.

The documents in question include the sale and purchase agreement between the Department of Public Enterprises and Takatso, and documentation relating to the selection of Takatso as the strategic equity partner. Gordhan has refused to furnish these to the committee for more than a year, citing confidentiality and non-disclosure agreements signed with other bidders for the airline.

Gordhan had also asked that the committee members sign non-disclosure agreements, which Magaxa said he could not agree to.

"The Speaker said they could not allow that. It would not be legal. I took legal advice and the recommendation was that let's meet the minister in camera, but let's evaluate if that information needs to be in camera," he said.

Earlier in the day, the committee heard that the Department of Public Enterprises had refused to provide the Auditor-General with the valuation it had obtained of SAA.

The Auditor-General's (AG) office says the Department of Public Enterprises (DPE) has not given it sight of the revised valuation of SA Airways and has "expressed discomfort

in sharing the report" it told members of Parliament's Portfolio Committee on Public Enterprises.

The valuation is critical to the proposed transaction strategic equity transaction between SAA and the Takatso consortium. The DPE and Takatso first announced the deal in June 2021 but has not been concluded.

In September 2023 Minister of Public Enterprises Pravin Gordhan said that due to the length of time that has passed since the agreement between the parties two and a half years ago, his department would undertake another valuation exercise.

The first valuation was done at the time that the airline had been grounded due to business rescue and the pandemic. It was never made public but led to the controversial decision to sell 51% of SAA for R1. Under the terms of the deal, Takatso would also inject R3 billion into the business in the form of a shareholder loan.

The AG was briefing the committee on four years of financial statements of SAA from 2018/19 to 2021/22 which have only recently been tabled in Parliament. This covers the period from when the airline entered business rescue in December 2019 to its exit in April 2021. The most recent year's financial statements for 2022/23 have not yet been audited.

SAA obtained a disclaimer audit opinion for all four years.

The AG said that the disclaimed audit opinions "may create challenges in determining appropriate values for the company and its assets, resulting in the terms of the sale and the selling price not being in the best interests of the state."

The AG's report was also scathing of the SAA board's operation and conduct since it exited business rescue. The interim board did not set up appropriate structures or procedures. It did not establish an audit and risk committee, and the internal audit function was not sufficiently staffed or overseen by the board.

Gordhan also came in for harsh treatment by the AG for failing to drive stability and the board level and instead focusing on "the distraction" of the strategic equity transaction. He was advised to "support the board to establish appropriate governance structures" so that it could appoint stable executive management and stabilise operations.

<https://www.news24.com/fin24/economy/very-unusual-parliamentary-committee-shuts-out-media-for-gordhans-saa-hearing-20240228>