

CUTTING EDGE



aviation union of southern africa

Registered as a trade union in terms of the labour relations Act, (Act 66 of 1995) as amended

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Dear Members,

AUSA Umbrella Retirement Fund

The Board of Trustees did sign all the documentation to appoint the Liquidator and submitted it to the Financial Service Board (FSB) for approval. The FSB has 30 days to respond on this submission. The Liquidator will start with the liquidation process as soon as his appointment is approved by the FSB.

The Fund had also received a query from the Registrar's office and is attending to the matter. A formal response will be submitted to the Registrar by the end of the week.

State of the Company SAA & SAAT

All of you must have heard some sort of rumour by now regarding the future of SAA & SAAT. The most common rumours are what the Company will close down at the end of April and/or that all workshops will be closed with in a new Section 189 process.

We can confirm, that we already requested information from the Company regarding the appointment of the two (2) consulting firms "Bains & Co and Seaburry" in December 2016 and in January 2017, at the Technical Consultative Forum (TCF).

At first the Company informed us, that they are just as much in the dark as Labour and eventually scheduled a meeting with all Labour parties on Monday the 13th of February 2017.

The information sharing meeting was with Mr Musa Zwane— SAA Acting CEO and the SAAT EXCO. The Company confirmed that they will communicate the current "State of the Company" with all employees by the end of last week.

Seeing that no communication was sent out, leaves us with no choice but to give our members feedback on what was communicated to us, at the information sharing meeting.

The appointments of the two (2) consulting firms were confirmed by the Company. The Bains & Co consultancy group was appointed by Treasury to amalgamate SAA, SAAT and SAX into one company. The Seaburry consultancy group was appointed by the new SAA Board to look at the financial stability and organisational stability of the Company.

The Company started project "Phoenix" in December 2016, to look at ways and means to save money in areas where SAA & SAAT were bleeding. The Company indicated that unprofitable routes are being looked at in this project, as well as the possibility of grounding Aircraft at this stage. All vacancies on all levels were frozen from 6 February 2017 as well.

The Company said that their current expenditure is much more than their income and as a result they can no longer service the outstanding debt. The SAA Group is required to save R1.3 billion of which SAAT's portion is about R500 million. The possibility is there, that the Company could close shop by the end of April 2017, if they don't have a plan, to achieve the required savings.

The Company said that they are not currently considering a new S189 (restructuring) process, as they have to wait for the outcome of the Seaburry report. The Company and Seaburry had intensive meetings last week, after which recommendations will be made to the Board. The Board will then formulate a new Long Term Turn-a-round Strategy that would be presented to the shareholder in June 2017.

It seems clear from the information session that the Company is in a very difficult financial position and that we can expect some changes in the workplace. This started on Monday, 13 February 2017, with the implementation of a **Cash Conservation Office (CCO) to authorise and approve all payments.**

Negotiations 2017/18

The Company confirmed at the same meeting with the CEO that Negotiations should start soon as they are fully mandated to start with the process. The verification process has been completed as well and only AUSA and NUMSA will be at this year's Negotiations.

Tax Benefit presentation

Following the changes made in the Tax Law Amendment Act (TLAA) last year people with Retirement Annuities can benefit on their tax returns this year.

To assist and inform members on these benefits—Johan Botha & Henry Nienaber from GAMFS will have an information session on Wednesday, 22 February 2017 from 13H00 to 15H00 in the AUSA boardroom. Please contact the Union office (Zandile - 6508) to make a booking, as seats are limited.

We will also send out the electronic presentations to members after the information session.

Please feel free to contact the Union office for any additional feedback in your area.

Kind regards,

AUSA