



public enterprises

Department:
Public Enterprises
REPUBLIC OF SOUTH AFRICA

MEDIA STATEMENT

DPE WELCOMES VOTE IN FAVOUR OF SAA BUSINESS RESCUE PLAN

PRETORIA 14 July 2020 – The Department of Public Enterprises (DPE) welcomes the vote in favour of a business rescue plan for South African Airways (SAA) and applauds creditors and all stakeholders for realising that a new, restructured, competitive airline, born out of the old, is the best option to immediately take back to the skies and preserve the brand of a national carrier.

At a meeting convened by the Business Rescue Practitioners (BRPs) for SAA, 86% of creditors voted to support a business rescue plan for the airline.

The DPE believes that the favourable vote is a much better outcome for creditors and SAA employees than liquidation, and government remains confident that the implementation of the business rescue plan will balance the rights and interests of all parties.

The priorities for the DPE are now to give effect to funding commitments by the government for the business rescue plan, appoint a new, and reconfigured interim board for SAA.

The Interim CEO will be Mr Phillip Saunders, an experienced airline executive with a strong commercial background, and he will work closely with the interim board to appoint an interim management team that must implement a fundamental restructuring of SAA led by the new interim board.

In supporting the plan, the government is committed to mobilising the necessary resources to fund the transition. This includes the Voluntary Severance Packages (VSPs), agreed with the unions, and meet the minimum requirements of the Labour Relations Act and Basic Conditions of Employment Act.

The department hopes that a new SAA can reclaim market share, while fighting to compete more in the emerging market space – notwithstanding the impact of the Covid-19 pandemic that will constrain the aviation industry for some time into the future.

The SAA shareholder appreciates the level of commitment and cooperation from unions and staff representatives who have accepted fair and reasonable severance packages in the interest of their members, at a time when the devastating consequences of the COVID-19 pandemic are causing thousands of job losses in the global aviation industry.

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