



public enterprises

Department:
Public Enterprises
REPUBLIC OF SOUTH AFRICA

DPE WORKING HARD TO IMPLEMENT SAA BUSINESS RESCUE PLAN

PRETORIA 12 August 2020 – Now that all the conditions for the implementation of South African Airways' Business Rescue Plan were met last week, the Department of Public Enterprises (DPE) and stakeholders have been working around the clock to bring the process closer to finalisation.

To complete the process, the DPE is overseeing four phases. They are: The restructuring of the airline – including the implementation of Voluntary Severance Packages to employees; the appointment of non-executive directors and new management team; the selection and appointment of Transaction Advisors; and the formation of a customer-centric airline designed to be lean, technology capable, digitally modernised and agile to service all market segments.

RESTRUCTURING

The voluntary retrenchments provided in the business rescue plan will see the retrenchment of all employees with only 1000 employees remaining to start the new airline on different terms and conditions to those currently existing.

About 1 000 employees will be placed on a Social Plan – a temporary training lay-off scheme so that they can be absorbed into the new airline as and when new positions become available.

BOARD AND MANAGEMENT TEAM

As the shareholder on behalf of government, the DPE will soon appoint a smaller, effective, reinforced, and empowered Board of Directors who will then appoint the airline's new executive management including, Chief Risk Officer, Chief Information Officer and Chief Operating Officer.

TRANSACTION ADVISOR

The DPE has identified a Transaction Advisor whose mandate is to assist the department in transaction planning, feasibility analysis, procurement and implementation of transactions and raising funds and investments for the new airline. The advisors are also expected to assess unsolicited expressions of interests from private sector funders, private equity investors and partners for a future restructured SAA.

The DPE welcomes the attraction of a mix of local and international investor groups to provide the new airline with technical, financial, and operational expertise to ensure significant South African ownership whilst diversifying the investor base.

NEW AIRLINE

The DPE is engaging constructively towards the national interest objective of a new airline which will be run in a professional and sustainable manner to support key economic sectors, including tourism and solidify South Africa as an African gateway to international markets.

While maintaining a certain level of presence in the ownership of the new carrier, the government, through DPE, would like to see the following characteristics of the new airline as envisaged in the new Business Rescue Plan:

- An efficient and modern aircraft fleet with hybrid density options acquired at competitive rates resulting in cost efficiency;
- An offering with the right routes, at the right times and at competitive prices;

- A network structure that allows for connectivity at hubs, whilst maintaining elevated aircraft utilisation;
- Connecting Africa to world economic hubs whilst maintaining diplomatic connectivity;
- A right-sized and motivated workforce and
- A customer-centric airline designed to be lean, technology savvy, digitally native and agile to service all market segments.

The DPE believes that the restructuring contained in the Business Rescue Plan for SAA is fundamental and will create a solid base for the emergence of a competitive, viable and sustainable national airline for the Republic of South Africa.

For media inquiries: Sam Mkokeli 0820842051

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