

OPINION

PRAVIN GORDHAN: SAA regains altitude, fuelled by unity of purpose and strategic vision.

21 SEPTEMBER 2023 - 05:00
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Milestone in SA's business evolution has the potential to extend to a broader spectrum of SOEs.

SAA, our nation's flag carrier, is firmly on course to reclaim its position as a formidable player in the global aviation sector thanks to the decisive interventions that have cemented the airline's recovery and opened the door to new possibilities.

In October SAA is launching its first international route since resuming flights exactly two years ago after narrowly averting liquidation. The revival of SAA underscores all that can be achieved as the government and the private sector join hands for the good of the country.

As the government we took the decision that has ensured SAA could once again be the pride and joy of our nation. SAA's ongoing revitalisation reflects a strong desire to have the airline be a catalyst for economic development, innovation and strategic connectivity that will ensure our country stays competitive.

A new dawn for SAA has arrived. It is with both realism and hope that we arrived at a decision to secure a strategic equity partner for SAA, guided by the realisation that the state's capacity to shoulder any more financial commitments has become constrained, not only by a sluggish economy but also by myriad competing priorities.

The proposed purchase of a 51% shareholding in SAA by the Takatso Consortium embodies the best chance of survival for SAA through a strategic partnership that seeks to steer the airline into a future of stability, innovation and growth. The deal also highlights a creative approach in leveraging public and private sector partnerships.

Having received endorsements from the Competition Commission and the Competition Tribunal, we stand on the threshold of securing the remaining regulatory approvals, armed with a plan that promises to help SAA reclaim its position as an aviation powerhouse in Africa and the world.

SAA's progressive overhaul is also being fuelled by a dedicated interim board and an executive management that has taken to heart the nation's desire to see SAA become a formidable competitor. An agile and financially resourced SAA is set to reignite competition that will ultimately benefit the flying public by expanding available options in the market.

As of March SAA, a member of the Star Alliance, operates seven aircraft and flies from Johannesburg to Accra, Cape Town, Durban, Harare, Lusaka, Lagos, Mauritius, Blantyre, Lilongwe, Windhoek and Victoria Falls. It will fly to Sao Paulo from Cape Town and Johannesburg on October 31 and November 6, respectively.

SAA envisages expanding its route network to 20 destinations by March: one international, 16 regional and three domestic routes. In August, SAA announced that customers could now fly to Frankfurt and connect to a host of European destinations through a new code-share agreement between SAA and Lufthansa Airlines.

SAA's launch of its first intercontinental route will be a significant milestone. This international foray is complemented by initiatives to enhance fleet optimisation and operational efficiencies, reflecting the potential for even more growth once the strategic equity partnership agreement is finalised.

Recognising the strategic necessity of maintaining a national carrier, we steered away from liquidation, opting instead for a path that not only preserves the billions invested by the government but also paves the way for a prosperous and sustainable future for SAA.

The partnership with Takatso is not just the best option we know of but a beacon of hope that promises to unleash SAA's full potential. The fiscal constraints faced by the state are undeniable, making liquidation an ever-present threat. However, this partnership symbolises a united front against pessimism.

As we forge ahead with the introduction of the strategic equity partner for SAA we envision a blueprint that safeguards the interests of the populace. This plan aims to rejuvenate SAA's operations and business strategy, aligning it with the contemporary demands of the aviation sector and setting a trajectory for unparalleled growth and success.

This moment ought to be celebrated as a potential milestone in SA's business evolution that promises to redefine the domestic air travel market. We stand firm, committed to nurturing a competitive and thriving SAA.

It is important to realise that this move signifies a calculated and strategic choice, one whose catalytic potential extends beyond SAA to encompass a broader spectrum of state-owned entities (SOEs). These entities stand to benefit immensely from strategic interventions that reduce reliance on the constrained National Treasury and foster a self-reliant and robust commercial ethos.

Throughout this process we have adhered meticulously to legal mandates, fostering transparency and accountability at every step. Takatso emerged as the preferred strategic equity partner for the sheer potential it brings to preserve SAA in its entirety, safeguarding jobs and retaining a vital national asset for economic connectivity and competitiveness.

The consortium has presented us with an opportunity to salvage the entire airline rather than succumbing to proposals that would see SAA dissected and sold in parts. This collaborative venture promises not only to retain existing value but to augment it, enhancing SA's standing in the global market.

A concerted effort is under way to extract the best possible value for the government through this transaction, which envisages the state retaining strategic leverage through a "golden share" provision that stipulates, among other things, keeping SAA's headquarters domiciled in SA, the name and trademark remaining the intellectual property of the government, and the right of first refusal.

It is important to understand that such transactions are fluid, with many facets potentially being adjusted until the final agreement solidifies. To that end a comprehensive evaluation of the business, properties and prized landing slots is imminent. This will guide us in potentially extracting the most beneficial outcome for the nation in view of SAA's continued resurgence.

Now, SAA stands with renewed vigour, having risen from a period of stagnation. Its operational status is a testament to the resilience and strategic foresight embodied in this new partnership. Our interim board and executive management at SAA have exhibited exceptional diligence and prowess, working tirelessly under challenging conditions to resurrect the airline.

Without the strategic equity partnership SAA faced the grim possibility of stagnation or failure. It is essential that we capitalise on the momentum built, steering SAA into an era of prosperity and growth. As we navigate this crucial juncture we must forge ahead with determination, striving to achieve a monumental success that will resonate through generations. This is not merely a financial transaction but a significant leap towards a brighter future.

It is imperative that we remain united in our vision, championing a transformative initiative that promises to redefine the SA aviation sector, fostering economic growth, preserving jobs and connectivity. Together we are crafting a narrative of resurgence and renewal for SAA to reclaim its legacy and to proudly serve the nation for many decades to come.

- *Gordhan is public enterprises minister.*

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