

SAA chair defies minister's instruction

South African Airways (SAA) chair Dudu Myeni has apparently defied Public Enterprises Minister Lynne Brown's instruction to immediately reinstate CE Monwabisi Kalawe, whom Myeni suspended suddenly last week.



Brown's instruction has apparently been ignored.
(Image: GCIS)

Myeni's refusal to co-operate with Brown is the latest development in a boardroom battle at the airline in which Myeni has found herself pitted against most of her former board colleagues, as well as Kalawe.

Yesterday, a spokesman for Brown, Colin Cruywagen, said she had requested written reasons from Myeni for her actions.

"The minister has requested a written report about what has happened between the CE and the board. Only on receipt of that report is the minister able to act further," he said.

Brown referred further questions to the board. Myeni did not respond to questions from *Business Day*. Kalawe could not be reached.

While Brown may not instruct the board on how to carry out its duties, in a frank interview with the *Sunday Times* published on Sunday she implied strongly that whoever did not co-operate with her or created further instability would be fired.

"SAA can't (be allowed to) fail. I will fire whoever if further instability is caused within SAA. If anybody creates instability, I will say: 'I can't work with you; there's the door'," she said.

'I shouldn't be involved in the operational functioning of the airline, but...'

Brown said that on being told that Myeni had suspended Kalawe without prima facie reasons she had called her and told her to reverse her decision.

"I am conscious that I shouldn't be involved in the operational functioning of the airline, and (should) not, as a politician, give instructions on how the board does its job. But I'm desperate to get the airline working. That accounts for the instruction to the chairman," she told the paper.

Brown had hoped that her removal 10 days ago of six nonexecutive directors who had been at loggerheads with Myeni would stabilise the company. In a decision that she described as "damned if you do, damned if you don't" she chose to retain Myeni and her boardroom ally, Yakhe Kwinana. She also appointed two new members to the board - accountant Anthony Dixon and aviation specialist John Tambi - for an interim period.

The term of the interim board is not determined by time but on it undertaking four tasks Brown presented it with: to finalise the financial statements for last year; table these in Parliament; hold an annual general meeting; and appoint an agent to implement the turnaround strategy.

The Zuma factor

Should Brown decide to act against Myeni she will come up against President Jacob Zuma, with whom Myeni has a close relationship. Myeni is chair of the Jacob Zuma Foundation, a charitable foundation of which he is patron and which raises funds for the poor.

The internal strife at SAA is attributed by insiders to battles over procurement and contracts.

Before being removed, the six directors called on previous minister Malusi Gigaba to conduct a forensic audit into SAA. In a letter to him in January, they claimed that Myeni had altered a board decision on the financing arrangements for 10 new aircraft. They also alleged the company suffered financial losses due to Myeni's procrastination on decisions.



SAA also hopes to conclude a contract for the leasing of wide-body planes for its international routes, valued at about R60bn. The request for proposals has been cancelled twice.

Myeni, who has tried to suspend him before, has also accused Kalawe of corruption. Among claims Myeni asked the auditor-general to investigate were that he had negotiated to buy a stake in insolvent Senegal Airlines without the board's knowledge, and that customers were charged for a bag-wrapping service they did not receive. Also at issue were fuel procurement irregularities and Kalawe's apparent refusal to sign a performance agreement.

(Image: GCS)

Source: *Business Day*, via I-Net Bridge

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