

# FlySafair taking off on 16 October

Customers contacting FlySafair, a low-cost carrier relaunching on 16 October are asking whether airport parking is included in the ticket price and this shows that the airline is attracting first-time flyers, Chief Executive Dave Andrew says.



FlySafair's Dave Andrew says that the airline will offer flights from Cape Town to Johannesburg at just R499 including airport taxes. Image: [ZA Confidential](#)

FlySafair is not "necessarily" looking to compete with existing domestic airlines, he says, but intends stimulating the declining domestic passenger market by attracting new passengers.

Air ticket prices have risen 20% over the past three years, according to Comair, the British Airways franchisee operating under the kulula.com brand. FlySafair says 40% is closer to the mark.

"If you look at (our) fare for Johannesburg to Cape Town, it's very similar to what you would pay on a bus or on the train," Andrew says.

"Hopefully, we will draw some of those people to fly," he said.

FlySafair says its regular ticket prices will start at a "base rate" of R499 for flights from Cape Town to Johannesburg and R399 for flights from Port Elizabeth to Cape Town, including taxes. Extras such as catering, check-in luggage and preferential seats will be charged for.

"FlySafair has more than 50% seat occupancy for flights in the peak season, with 80% on some flights," Andrew says.

## Lower fares are launch prices say competitors

Competitor airlines have dismissed the lower fares as launch prices and warn that the increased capacity will negatively affect the market.

"We have seen with the launch of new airlines that you can't sustain a business at those fares," Comair's Chief Executive Erik Venter says. "We are only making R51 profit per passenger."

Mango Airlines' Chief Executive Nico Bezuidenhout, says airlines depend on a "fragile relationship" between input costs, revenue, capacity and demand. "Launching a new airline into the market, along with the possible consequent over-capacity on some routes, may impact the sector negatively as opposed to stimulating the market," he says.



Comair's Erik Venter says that commercial airlines are making minute profits of just R51 a seat. Image: Comair

Transport economist and aviation consultant Joachim Vermooten says FlySafair's model has not been tried on a large scale in SA. "A new business model is really what competitors bring. Innovation and people to try new things," he says.

FlySafair's plans to launch last year fell through when the High Court in Pretoria granted Comair and Skywise - an airline yet to launch - an urgent interdict on the grounds that FlySafair did not comply with the 25% cap on foreign ownership for a domestic licence.

## New shareholders

The airline has since changed its shareholding, with employees holding 25.1% through a black economic empowerment



FlySafair will use a fleet of Boeing 737-400s for its services around South Africa. Image: [SA Airlines](#)

programme. Another 25% of shares are held by aviation company Safair, with the balance held by shareholders through a trust.

Andrew says FlySafair is not a "start-up airline" as it is affiliated to Safair, an aviation business nearly 50 years old, and has access to funding through its shareholders if needed.

The airline believes its biggest challenge will be winning consumer confidence, as many low-cost airlines have failed. Velvet Sky was liquidated in 2012 and 1time ceased operations in the same year.

"Typically, what many startup airlines tried in the past was to fund their start-up costs through ticket sales," says FlySafair Chief Financial Officer Elmar Conradie. "We have the start-up capital already and have acquired additional funding which we can draw on, but at this stage we don't see why we would have to."

FlySafair's fleet is made up of Boeing 737-400s, making fuel a significant cost. The airline says the aircraft have a lower lease rate than 737-800s.

"As a start-up airline, we're balancing the load factors with the fuel and the cost of the aeroplane," Conradie says.

Source: Business Day via I-Net Bridge

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