

SAA's turnaround 'enjoys board and ministerial support'

South African Airways' (SAA) chief executive Monwabisi Kalawe says he has the full support of the board and Public Enterprises Minister Malusi Gigaba to do what is required and restore the struggling airline to profitability.

By [Nicky Smith](#) 10 Sep 2013



Kalawe is due to present the airline's long-awaited turnaround strategy to a parliamentary committee this week. His predecessor, Vuyisile Kona, is suing the airline over his dismissal and has claimed that board interference had made his tenure at the helm of SAA difficult.

The airline is expected to report another loss for the year to March after reporting a R1.25bn loss last year. The carrier is surviving on a R5bn guarantee from the Treasury and has battled to make a return to profitability in the face of high fuel costs, a weak rand and strong competition from other carriers.

Kalawe said over the past three months he and the board of SAA had been "working closely" with the Department of Public Enterprises to "resolve" the problem with the airline's weak balance sheet. The department has been working hard to win support within government for what will need to be a large recapitalisation of the business.

According to the 2012 annual report, SAA's net debt was R12.8bn against R443m in equity, a ratio of 29:1 making the business vulnerable and unbalanced.

Cost saving opportunities

Kalawe said SAA presented multiple opportunities for cost savings. "There is no cost line that is not going to receive attention. There is no cost line that I have been told not to touch," he said.

He said the termination of loss-making routes was included in his mandate. "The long-term turnaround strategy sought to find a balance between the commercial and developmental mandate of the airline," he said.

He declined to provide more detail on how this turnaround would be achieved as the long-term strategy has not been publicly presented yet.

Kalawe said the African market offered strong opportunities. "In the past SAA had focused on the passenger market and neglected the continent's growing cargo market - a situation that we will seek to correct," he said.

Gigaba's spokesman, Mayihlome Tshwete, said the department hoped to present the strategy at SAA's annual meeting that might be held this month. No date had been set for the meeting yet as the department was waiting for a number of deliberations to be concluded before it is convened.

Funding commitment

"The core of these discussions related to securing a long-term funding commitment for SAA to support the turnaround strategy," Tshwete said.

Kalawe said detail on the turnaround would be shared publicly once the strategy had been presented to Parliament this week when he would make a presentation to the portfolio committee on public enterprises. The strategy was drafted under two former acting chief executives, Kona and Mango's chief executive Nic Bezuidenhout.

"If the shareholder were to ask me to go away and prepare a new strategy for the business I would come with a document similar to what these guys have developed," Kalawe said.

Kona, in his legal papers to challenge his axing, drew a picture of interfering board members who undermined his decisions and allegedly poisoned the shareholder against him.

Kalawe said he had given a five-year commitment to SAA. "The changes SAA needed would not be implemented should a chief executive be appointed for just two or three years," he added.

Kalawe said he had resigned board positions he had held prior to taking the job and moved his home from Cape Town to Johannesburg so he could focus on the job at hand.

Kalawe said the board had been "generous" by not filling senior positions within SAA so he could fill them himself. These included head of commercial, head of information technology, chief pilot and head of legal