

More consultants work on fixing SAA

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South African Airways (SAA) has appointed aviation consultants Seabury to advise its board on the restructuring process being undertaken by the airline. Seabury started work on Monday, advising the board on growing revenue and on a long-term business plan.



NIRZA via [Wikimedia Commons](#)

SAA's confirmation of the appointment on Sunday means there are two consultants working at the airline at the same time. Public Enterprises Minister Lynne Brown recently announced Bain & Co SA had been paid R12.1m to develop the corporate plan for the merger of SAA, SA Express, and Mango. It is expected to conclude its brief by the end of January.

Seabury was appointed following a confined bidding process and would report to the board and the CEO, SAA spokesman Tlali Tlali said. He said the advisory team was set up "to look into SAA's funding requirements and to find lasting solutions or proposals for the airline's liquidity challenges. The proposals will be accompanied by an implementation plan with specific milestones and timelines."

He said the terms of reference for the two consulting companies were different.

According to a proposal seen by Business Day, SAA mooted the appointment of a chief restructuring officer, who would establish an executive committee to advise on the long-term plan. SAA said on Sunday that the chief restructuring officer was a consultant from Seabury and there was no executive committee.

Anger over pace of transformation at airline

The ANC Women's League is angry at the pace of transformation at the airline. The league called for a parliamentary inquiry into "alleged internal and external forces" at SAA, saying it would push for state-owned enterprises to procure only from companies that were more than 50%-owned by black women.

SAA board chairwoman Dudu Myeni raised similar concerns in a letter she wrote to the parliamentary portfolio committee last October.

Myeni cited Bain & Co as among the consultants that received "wasteful" payments from previous boards and executive administrations. The women's league said Bain & Co was the largest consultancy in SAA, receiving a R208.9m handshake after selling the airline's fleet "under the guise of turning the airline around 15 years ago".

The newly appointed SAA board is expected to present a turnaround strategy to Parliament in February.

The three airlines face possible rationalisation, with the Treasury and Department of Public Enterprises considering whether a new holding company should be created or if the airlines could be merged.

Performance of SAA linked to historical decisions according to Myeni

"The performance of SAA in the 2014-15 financial year is inextricably linked to the historical performance of the airline of at least the past 18 years," Myeni said in her letter. "The past three boards of directors and management teams of SAA have continued to be constrained by these historical decisions, whose impact continues to permeate the operations of SAA to date."

"Mismanagement" included that of former CEO Coleman Andrews, who Myeni said was a founding member of Bain Capital and had appointed Bain & Co as a consultant to SAA. Andrews is no longer part of Bain & Co.

DA deputy finance spokesman Alf Lees said on Monday that the party would ask that information on the Seabury contract be presented to the parliamentary portfolio committee on finance.

Myeni insists that she acted in the best interests of the company

Meanwhile, Myeni faces allegations that she misled then public enterprises minister Malusi Gigaba in 2013 on the board's intention to lease 10 aircraft. The Mail & Guardian reported on Friday that the Companies and Intellectual Property Commission had found Myeni contravened two sections of the Companies Act because of an alleged failure to provide evidence of a board resolution to lease two aircraft.

ENSAfrica director George van Niekerk, representing Myeni, said on Friday a letter had been written to the commission seeking clarity on the findings and as a first step to challenging them, saying Myeni denied willfully misleading Gigaba. "She insists that she always acted in good faith, for a proper purpose, and in the best interests of the company," he said.

The Treasury said on Monday that the appointment of a restructuring officer followed a requirement by lenders of some reassuring process, given the airline's financial position.

"It is a management function within SAA responsible for reviewing the revised long-term turnaround strategy, which the board will submit to National Treasury in June 2017.

"It will continuously be advising SAA on the restructuring and the turnaround strategy," the Treasury said.

It noted that Bain Capital and Bain & Co were separate companies, and Andrews was no longer associated with Bain & Co, which shared no governance or financial structure, or employees, with Bain Capital.

Source: Business Day

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