



14th August 2018

ATTENTION ALL MEMBERS OF UASA, AUSA AND SATAWU

COALITION FEEDBACK ON MEETING WITH ACTING CEO, MS. MZIMELA

DEAR COLLEAGUES, MEMBERS & COMRADES

As a point of departure, allow the COALITION to apologise for the absence of an official newsletter (update) in recent weeks. With this said, be assured that the individual trade union parties and members of the Coalition, including Shop Stewards and Officials, have been constantly engaging with SA Express Management, both formally and informally, to better gain an understanding of the status of affairs, including gaining and understanding of the Political climate at play, in relation to SA Express as a state owned entity, and the desire to return the Airline to service, sooner rather than later. Individually, where possible we have also been engaging with members via whatsapp, email and other platforms in an effort to remain contactable and engaged.

As you will by now have come to realize, on your own; the sharing of information at all levels falls drastically short of even a reasonable mans expectations, especially given the current situation and emotional and psychological trauma we are sure you are facing. We are extremely dissapointed by the lack of first hand information that ought to be shared with collective Labour, as well as you as employees, and, since the last staff engagement held by the now former ACEO, Matsietsi Mokholo, (*who by the way, had performed above all expectations, and carried herself as a beacon of hope for all staff*) not a single note worthy shred of information has been forthcoming. Rather it appears, we are confronted with secrecy and uncertainty by those responsible for our future.

We have had no choice but to remain hopeful that those tasked by the Minister of DPE to assist the airline, namely the Intervention team, and now ACEO, Ms. Mzimela will do so with noble intentions and without fear or favor, and that their secrecy and stillness, is for a greater cause to success.

As you will be aware, we met today, the 14th August 2018, with Ms. Mzimela for the first time, as well as Mr. Dipark Patel (Intervention Team – Advisor to the Minister) to discuss the following specific agenda items, which we deal with below, in as much detail as was provided to us. *(everything that has been told to us, you are being told – nothing is being left out)*

AGENDA ITEMS DISCUSSED:

STATUS OF THE AIRLINE

- Currently only have two (2) Aircraft on license. As meeting was unfolding, a team was waiting at the SACAA for an additional four (4) aircraft to hopefully be added to license.
- Huge financial challenges - shareholder has approved guarantee (value not shared with us).
- Mr. Patel has been tasked to engage with Banks to secure funding based on guarantee – this has been on-going and is proving difficult because of past conditions of guarantees not being met or honoured – Almost all banks have been approached, with only some banks showing a willingness to loan, and this process is looking positive and is currently unfolding – not out of the woods yet, by no means.
- When the AOC was re-issued, the Airline was unable to announce plans, due to its liquidity challenges and this remains in large, an on-going challenge.

RETURN TO SERVICE

- Currently looking at a Network that makes sense.
- Return to Schedule is driven by Financial Capability and Number of Aircraft – the plan is to ultimately aim for a 10+1 or +2 scenario (in other words, 10 constant aircraft and 1 to 2 aircraft that are used as a backup),
- No more Charters will be used
- Have to make use of what we have in the system.
- Airline cannot go back to service doing business the same way – can't afford delays – need to be more reliable and will embark on a phased approach to the return to service.
- Planned return date is the 23rd August - first Route is Johannesburg – Lubumbashi – daily.

- On the 24th August 2018 – will begin second Route – Johannesburg – Bloemfontein – daily.
- Management will not disclose when other routes will be implemented due to the sensitivity of the information, despite us pressing hard for them to disclose this information. They indicated that they require approximately 5 weeks to stabilize and will be focusing on Johannesburg first – other stations will in all likelihood, not operate within the first 5 weeks (Richards bay was used as an example). However, Management indicated that they do intend to return to all routes as soon as practicable and possible and no decisions to the contrary have been made yet.
- Currently in discussions with SAA to ensure that those PAX who booked with SAX in advance, are put back on SAX when back on routes.
- Speed with which Aircraft and Routes will be ramped up is dependent on Passenger Confidence and Money.

SA EXPRESS / SAA MERGER

- Mr. Patel elaborated that no discussions regarding what some call a Merger, and what he loosely and without being quoted, calls Alignment / Integration / subsidiarization have yet taken place. What has transpired is that SAA has been transferred back into the portfolio of the Minister of Public Enterprises. Also, a joint Board Committee has been formed between the Airlines and will meet for the first time next week.
- No other information is available.

LEADERSHIP CHANGES

- Ms. Mzimela explained that part of the findings from the SACAA was the non-filling of vacancies for post holders and the consequence acting of too many individuals. This process to fill these posts is underway.
- A balance must be achieved between trying to fill these vacancies from internally first, but also ensuring the correct level of skill is available, even if this requires going externally for the right price. Affordability is an issue due to liquidity.
- Matsietsi has been moved to the Presidency and as a result, Ms. Mzimela, given her previous experience was requested by the Board to Act.
- Mandate is to stabilize in 6 months (therefore here for 6 months but may stay longer if required).

- Process to appoint CEO, CFO and other executive posts is underway.
- Confirmation that the Ministers Intervention team has not been paid a cent from SA Express. Their respective firms have willingly volunteered their assistance.

RESTRUCTURING

- No restructuring i.e. Retrenchments are on the cards and no decisions have been taken on this subject yet. Jobs are therefore secure until otherwise advised.
- Effectively though, from an Operational perspective, company is downsizing i.e. number of aircraft as an example.

STAFF SALARIES

- August salaries have been confirmed.
- For Cabin Crew specifically, a plea was made and it was brought to the attention of Ms. Mzimela as well as Mr. Patel that S&T constitutes as much as 40% of monthly income. The current burden placed on you is unfair and must be looked at. Whilst we cannot guarantee that Management will consider this plea, it has been tabled and we will again follow this up in writing. As explained, a different approach might be the only way to resolve this.
- We also raised concerns raised by OCC regarding forced work on Sundays and Public Holidays whilst the airline is grounded and no work is being carried out, creating unnecessary costs for the business, and an equal unfairness for those staff who need to work but are not remunerated. We were assured this will be investigated and we will follow this up in writing.

STAFF LICENSING

- Technical has suffered a major skills drain from staff leaving.
- SAX is in discussions with Bombardier to come on board to assist with type training for Technicians licensing. Awaiting this deal to be finalized.
- Bombardier is also planning to send their own staff to assist and advise during the first few weeks of flying.
- This is being done in an effort to ensure that the skills drainage is mitigated.

- Concerns were brought to the attention of Ms. Mzimela and Mr. Patel regarding some of the cabin crew skills tests inserts which have still not been collected from the CAA and which will again be lapsing very shortly. This matter is a priority for them.

As a final note, The COALITION would like to express the following:

1. The manner in which Ms. Matsietsi Mokholo departed SA Express, and likewise the manner in which Ms. Mzimela has been appointed, leave a very bitter taste in one's mouth.
2. The lack of information is unacceptable, and Ms. Mzimela had stated that a weekly update would be forthcoming.
3. The Lack of clarity when other stations would likely begin operations (despite the claim regarding market sensitivity) is baseless and surreptitious.
4. Whilst your salaries are being paid, and no indication of retrenchments are on the cards, yet, the COALITION has no choice but to advise members to remain patient and ready to resume your duties when requested.
5. Some members have asked members of the COALITION if they should apply for other jobs. The COALITION is not in a position to advise you in this regard. Understandably, everyone must be aware that whilst no retrenchments are on the cards, and it is evident that the Company will not be the same in future, you must make your own choices based on your personal circumstances, opportunities and or financial pressures.
6. The COALITION remains committed to fighting for members in a responsible and professional manner. However, we will not hesitate if instructed by members to apply greater pressure, so long as this does not further jeopardize the frailties of the current situation.

Please feel free to contact your Union Leaders and engage on any issues contained herein.

VIVA the COALITION, VIVA MEMBERS, VIVA EXPRESS.

Jannem, Frank and Shere - Obo Coalition Partners