



PARLIAMENT
OF THE REPUBLIC OF SOUTH AFRICA

COMMITTEES

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18 March 2009

The Chairman of the Board
South African Airways: Prof Jakes Gerwel

Dear Sir

Re: Request for Report to the Portfolio Committee on Public Enterprises on the Circumstances Surrounding the Termination of the Contract of Employment of the Former Chief Executive Officer of South African Airways (SAA)

I refer to our recent engagement in Parliament when you advised the Portfolio Committee that Mr Khaya Ngqula, CEO of SAA had been placed on special leave pending a forensic investigation, the outcome of which would be made public in due course. It was therefore astounding to learn via the media that Mr Ngqula's employment had been terminated.

Parliament has programmed a special sitting on the 24 March 2009, and after consulting some of the Members of the Portfolio Committee it was felt that given your previous indications to the Committee you should be requested to provide a full report on the circumstances surrounding the events leading to the termination of the contract of employment of the former CEO of SAA, including the following specific issues:

- What are the Board's reasons for revisiting its initial decision to place the former CEO on "special leave" pending the forensic investigation, and what gave rise to the decision to terminate his contract of employment instead?
- What is the status of the investigation now that the former CEO has left the employ of SAA? Does the Board expect to continue the forensic investigation relating to the activities or conduct of the former CEO? If not, why not?
- As it pertains to the decision by the Board to embark on an investigation in the first instance, this decision is understood to have arisen from a report delivered to the Minister of Public Enterprises who referred it to the Board. Did the Board or any member of the Board have knowledge of the information contained in the said report at any time prior to this? If so, when was this? If so, why did the Board not pursue the same/ or similar course of action at that time?
- What has informed the Board's decision to terminate the contract of employment of the former CEO prior to the finalization/disciplinary action against him?
- What is the settlement amount agreed by the Board to be paid out to the former CEO of SAA, in lieu of the termination of his contract and how is this calculated?
- Does any portion of the settlement amount include any "retention" bonus, if so, what are the details?

- As part of the "mutual agreement" between the Board and the former CEO of SAA to terminate his contract of employment, has the Board negotiated that part of the settlement package referred to above, be retained by SAA, pending the outcome of any investigation instituted by the Board which indicates that there was no financial loss to the Company due directly or indirectly by the conduct of the former CEO of SAA? Or indeed any other basis against which any potential losses suffered by the Company may be recovered from the former CEO of SAA?

As the Chair of the Portfolio Committee, I have found it difficult to answer questions posed to me in this regard and I believe it would be remiss of me not to urgently pursue this matter directly with the Board as my engagements with officials of the Department of Public Enterprises have not been able to clarify these questions.

Accordingly I request that you, in your capacity as Chairman of the Board, attend a meeting of the Portfolio Committee on Tuesday, 24 March 2009 at 09:00am in the Old Assembly Chamber, Old Assembly Wing, Parliament. I would be grateful if a written report is tabled at the meeting detailing your perspective on inter-alia the issues raised above. In addition, could you kindly place me in possession of a copy of the SAA Board's Terms of Reference prior to the meeting on the 24 March 2009? My email address is fchohan@parliament.gov.za or fax to 021 797 0723.

Should any of the above require clarification, kindly do not hesitate to communicate with me.

Yours Sincerely

Fatima Chohan (MP)

cc. Mr M Booi MP, Chief Whip: Majority Party
Mr A Nel MP, House Chairperson: National Assembly
Ms S Taitai, Department of Public Enterprises