

Skywise secures investor to help it get back in the air

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13 Jun 2016

Skywise, the low-cost carrier that was grounded in 2015 after failing to pay airport fees, said it had secured a domestic private investor and would be flying again before the end of 2016. The cash-strapped company has made a number of attempts to secure funding to pay off its debts and fund its operations.



[Image Source: Southafrica.to](#)

The airline was grounded in December 2015 by the Airports Company SA (Acsa) for its failure to pay about R4m in airport fees relating to the landing, take-off and parking of aircraft and related service charges. Acsa owns and operates nine commercial airports in the country.

This was not the first time Acsa had grounded Skywise. In October, the airline was also prevented from taking off over unpaid airport fees. The carrier has not been flying since its grounding in December. At the time, the airline said it had a "pay-as-you-go" arrangement with Acsa that allowed it to clear its arrears and had missed only one payment of R1.6m, for which it had sought an extension from the airports company.

Skywise, which launched its Johannesburg to Cape Town flights in February 2015, is still hunting for backing from domestic financial institutions. On Thursday, Skywise joint chair Javed Malik said the airline had always had a pool of foreign investors, but the challenge was finding a domestic investor. This was due to stipulations in the Air Services Licensing Act that limited foreign shareholding in a domestic airline to 25%.

"At the moment, everything looks bright, said Malik.

"We will be flying before the end of this year, and we will give all details in July."

Speaking on the sidelines of the Infrastructure Africa conference in Sandton on Thursday, Skywise joint chairwoman Tabassum Qadir said while the airline had secured a "private local investor", it was still looking to obtain funding from an institution such as a bank. She said other airlines in the country were backed by such institutions, facilitating growth in the business. In other countries, airlines were backed by larger foreign airlines, but foreign shareholding was limited in SA.

"There is a real gap between financing institutions and entrepreneurs," Qadir said. "But we still want to get that institutional funding like the other airlines," she said.

Industrial Development Corporation senior project manager Tapiwa Dube said it was important to understand the different objectives of entrepreneurs and financiers. "Entrepreneurs are driving something, while financiers are looking at risk mitigation.

"It is useful to understand different institutions' risk appetites. There are also mandate issues that make it difficult to fund certain projects," Dube said.

Source: Business Day

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