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Zondo commission – appointment process to SOE boards needs review, says Zondo

The chairperson of the commission of inquiry into state capture, Deputy Chief Justice Raymond Zondo, said on Tuesday that there needs to be a review of processes involved in the appointment of board members of state-owned companies (SOEs).

He was reacting to the assertion of Yakhe Kwinana, who previously sat on the board of SAA and chaired its subsidiary SAA Technical (SAAT), that there was nothing wrong with her joining a delegation of SAAT officials on a trip to the US operation of aircraft components manufacturer AAR in 2015. SAAT was at the time engaged in an open tender process for the supply of components, and Chicago-based AAR was one of the bidders. Kwinana testified that she was unaware at the time of the procurement process that was underway.

She had previously testified that she saw nothing wrong with a decision maker in a tender process meeting up with a counterpart in a bidding company, as long as whatever tender was in progress did not feature in their discussion.

Zondo asked if Kwinana would have had any reservations about going on the Chicago trip, had she known that the tender process was ongoing. She told him that there was nothing wrong with such a move.

“Chair, even if I was aware, I really wouldn’t see anything wrong in us undertaking that trip, the reason being that there are rigorous processes that need to happen up to the stage where we get the recommendation, and therefore, that wouldn’t affect my decision whether I did go there or not.”

There was a long-standing practice at SAA, said Kwinana, of members of the executive and board visiting the sites of current and potential suppliers, and on that basis, she saw nothing wrong with embarking on the trip herself.

“Miss Kwinana, do you seriously mean what you’re telling me? That in your judgement, there would have been absolutely nothing wrong for you as a member of the board that would make a decision on a tender in regard to which AAR had put in a bid, for you to go on a trip overseas to their premises without the knowledge of other bidders and let them wine you and dine you over there? You say there would have been nothing wrong with that?” asked Zondo.

“Chair, the procurement processes are so rigorous such that even if I went to Chicago, if the bidder does not qualify, the bidder does not qualify.”

At this point, Zondo declared: “I think, Ms Kwinana, quite frankly, processes in terms of which people are appointed as board members to SOEs must be reviewed, if that is what you think, and you were

a board member. You're a chartered accountant, but if you think there would've been completely nothing wrong with that, then there's something wrong in the appointment process."

The tender in question was for the supply and maintenance of aircraft components, and was worth around R1.2-billion. From previous evidence heard before the commission, it was learned that AAR got to know of the opportunity with SAAT through local businesswoman Sibongile Sambo, owner of SRS Aviation, who herself sought to partner with AAR as its BEE partner in the deal.

Sambo told the commission in February this year that AAR dropped her as a preferred partner – after numerous talks - when a dubious relationship formed between Kwinana and some of the company's officials.

The Chicago trip was in respect of SAAT and AAR seeking to enter into a memorandum of understanding to form a partnership, through which SAAT could rely on AAR for support. But SAAT was at the time in the market for the supply and maintenance of aircraft components, and after bids were received, had received a recommendation from management of SAAT to appoint Air France.

"We were not going there, chair, for the purposes of the tender. We were going there for the purposes of the partnership, and in fact it never even rang a bell that I need to go and check if there's a tender going on and if AAR has tendered," Kwinana testified.

Evidence leader Kate Hofmeyr wanted to know why, when Kwinana had testified on Monday that she held the executive of SAA in high regard, did she not think the trip could be taken by people at that level, and not someone at board level.

"At SAA it has been the practice that the board and management do undertake these trips, and it also did happen at AAR – both board and management went to this thing."

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