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Zondo Commission – refusal to treat with Guptas led to former SAA chair’s downfall

An October 2012 meeting with Rajesh “Tony” Gupta at his family’s Saxonwold home was the catalyst for the demise of former South African Airways (SAA) chairperson and acting CEO Vuyisile Kona, he told the commission of inquiry into state capture on Tuesday.

Kona described how a persistent Siyabonga Mahlangu pressured him into meeting the Guptas, but did not reveal them by name nor did he say what he would meet them for. Kona had recently been appointed chairman of the national airline. Mahlangu at the time was advisor to then minister of public enterprises, Malusi Gigaba. The environment at SAA, said Kona, was tense following the *en masse* exit of several board members amid an information leak claiming their impending dismissal by the minister. Soon after Kona’s appointment, then CEO Sizakele Mzimela joined the exodus.

After several attempts to get Kona to commit to the meeting, Mahlangu eventually secured one on the 29th, still without telling him what it was about. According to Kona, he only described it as a meeting with important stakeholders.

At the residence, the two men’s mobile phones were taken away and they were led to a room where the meeting would take place. Also present, said Kona, were Duduzane Zuma and Tshepiso Magashule, the son of current ANC secretary-general Ace Magashule and a man who introduced himself as “Tony”. What was odd to Kona when they arrived, he added, was that although Mahlangu had described it as a meeting with stakeholders, the venue appeared to be a private residence.

Asked by evidence leader Advocate Kate Hofmeyr if he did not find it strange that his phone was taken away, he said he did, but reasoned that Mahlangu probably knew what was going on. “Who am I to say, I was being led by the minister’s advisor,” said Kona.

Once all participants had exchanged pleasantries, Gupta put on the charm, praising Kona and calling him a “smart man”. He then told him that he was now part of the family, and the family welcomed him. Soon afterwards, Gupta withdrew a pile of cash from a drawer of a side table behind him, offering it to Kona. The latter, surprised at the gesture, declined to take it, and instead told Gupta that he did not need the money, to which the other man said he was aware of his salary issues. Kona told the commission that since his appointment in September, he had received neither his board salary, nor the acting CEO one.

In response to Kona’s continued refusal of the money, Gupta offered to increase the amount to R500 000, but Kona would not budge. Gupta’s demeanour changed at this point, said Kona, as did the mood in the room. “His facial expression changed,” he said, referring to Gupta.

At the time, SAA was in a tight spot, seeking to engage a turnaround strategy. Kona’s first port of call in this regard, and his reason for initially snubbing Mahlangu’s earlier attempts to get him to meet the

Guptas, was that the airliner needed to appoint advisors to assist it in putting together a viable business plan.

By the time the meeting happened, the supply chain management unit of SAA had already identified the preferred bidder, Lufthansa Consulting, which had competed against McKinsey Consulting. Lufthansa was preferred on the basis of pricing, charging R6-million, to McKinsey's R40-million. "It was a no-brainer, chair...one was charging more than six times what the other was," said Kona.

In hindsight, he added, it was this very procurement process that had necessitated the meeting from the Guptas' perspective. He speculated that the thinking at the time was that McKinsey would win the bid.

Another element that helped put the puzzle pieces together for Kona was a phone call from then director-general (DG) of the Department of Public Enterprises, Tshidiso Matona, as the former was driving off from the meeting, which stopped abruptly after his refusal of the R500 000. Matona, said Kona, was angry at the decision to appoint Lufthansa over McKinsey. It dawned on Kona that the DG had been phoned and given an update on the meeting that had just happened.

And so the tone of the rest of Kona's stay within SAA was set. "I felt like an animal... where people are just shooting at me..."

A later attempt to get Gigaba to intervene after Kona was suspended was not successful. To date, he continues to challenge his removal, citing sabotage on the part of some of his board colleagues, including Dudu Myeni, who succeeded Kona as board chair in December 2012.

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