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Zondo Commission – Gigaba wanted Carolus to cede SAA’s Jhb-Mumbai route to Indian airline

Former South African Airways (SAA) board chairperson and ANC veteran Cheryl Carolus was Thursday’s witness at the commission of inquiry into state capture. She wasted no time in defending the position she and several other leaders of the organisation took when they realised the party was heading in the wrong direction morally. Carolus was part of a group of veterans who were particularly interested in the Nkandla ruling and the consequences for then president Jacob Zuma, in the interest of saving the party.

Carolus said she was unapologetic about her bold stance against the direction in which Zuma was leading the ANC, and chose to fight in the interest of South Africa. She was elected to the ANC NEC in the early 1990s, and was later deputy secretary-general of the party. She appeared at the commission to testify on her tenure at SAA.

In November 2010, just over a year after being elected chairperson, the department of public enterprises (DPE) – under which SAA falls – changed ministers following a reshuffle by Zuma. Barbara Hogan had held the portfolio since 2009, and she was replaced by Malusi Gigaba, with whom Carolus had worked closely while he was president of the ANC Youth League. SAA had just managed to get Hogan’s signoff on its turnaround strategy at the time of the reshuffle, and when Carolus briefed Gigaba on its contents, he expressed satisfaction and gave it the go-ahead.

But in December 2010, just weeks into the post, Gigaba sought to impose a private Indian-based airliner on the leadership of SAA.

At a meeting called by the minister, which Carolus could not attend, then SAA CEO Siza Mzimela and a board member, the late Zakhele Sithole, lingered for three hours while waiting for “some people” Gigaba wanted them to meet. Carolus said she was shocked when the pair told her this as part of their feedback. “I found it peculiar that a minister would wait for three hours for someone else.”

According to her, he had not told the SAA officials who the late-comers were. Eventually, two men joined them, and one was introduced as the president of Jet Airways, a private airliner based in India.

“Minister Gigaba then took a backseat, and the president of Jet Airways took over and addressed the meeting,” said Carolus. The essence of the discussion was that Jet Airways was giving SAA an instruction to abandon a route between Johannesburg and Mumbai, for which SAA was providing four flights per week at the time. When the man, described in Hogan’s testimony as Naresh Goyal, turned his attention to Mzimela, it was to berate her for the company’s refusal to terminate the route, despite previous requests from the Indian company. Gigaba’s deputy, Ben Martins, came to Mzimela’s rescue and told Goyal that under no circumstances could he come into the country to tell its government how to do business. Gigaba had remained quiet throughout the meeting, said Carolus.

SAA refused the proposal on several more occasions, and in April of the following year Mzimela and Carolus were invited to a meeting with Gigaba in Cape Town. As with the Goyal meeting in December, Carolus had other commitments and could not attend. Mzimela went with a different board member, Teddy Daka. This time, Gigaba’s legal advisor Siyabonga Mahlangu lambasted Mzimela, again over

SAA's refusal to relinquish the Mumbai route to Jet Airways. The CEO asserted herself on this occasion, said Carolus.

All of this was happening in the context of SAA having reviewed its operational model, which centred on Johannesburg as its business hub and gateway for continental and international routes. These were sold as packages with OR Tambo airport as an attraction. According to Carolus, this approach was working, and the Mumbai route was showing gains for the state airliner as it attracted business travellers with the Americas and western countries as their destinations. It did not make sense for SAA to abandon it because it served a purpose in the context of a bigger route strategy.

It became clear to the board that Jet Airways was imposing itself on them because the minister was allowing it.

A further revelation came when Mahlangu interfered with a process in which the *New Age* newspaper – owned at the time by the Gupta family – wanted to sell advertising space to SAA. DPE director-general at the time, Tshidiso Matona, called Carolus and asked to meet over the matter. Despite her feeling that the matter was more of an operational process that did not require board intervention, she went.

When Carolus arrived with Mzimela, Matona pleaded the case for allowing the *New Age* an opportunity, citing their recent entrance into the market meeting the developmental mandate of state-owned companies. Carolus felt that they could not make special offers to the newspaper, as it fell under an industry that was regulated by advertising standards that SAA could not violate.

Carolus, along with six other board members, resigned in September 2012. She continues to testify at the commission.

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