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Zondo Commission – Transnet GM bent on pricy advertising and sponsorship with the *New Age*

As was the case with Eskom, Transnet signed a partnership agreement with TNA Media, then owners of the *New Age* newspaper, without a termination clause, in 2013. Officials who reported to the general manager for shareholder impact Mboniso Sigonyela testified before the commission of inquiry into state capture on Friday.

Former brand coordinator Joseph Jackson and stakeholder relations manager Dan Phatlane both testified about how Sigonyela would alter memoranda relating to TNA, presumably to exaggerate the company's value to Transnet. Sigonyela, in their view, pushed TNA's agenda, at the expense of Transnet.

Phatlane told the inquiry that the first proposal to Transnet for sponsorship of two of TNA's breakfast briefings came in September 2011 from Jacques Roux, who has for years been associated with the Guptas through their business interests. It was for Transnet to sponsor two sessions in December of that year and the following January. For December, Roux promised then public enterprises minister Malusi Gigaba as keynote speaker, while a speaker had not yet been finalised for the January event. Transnet, proposed Roux, was to pay R735 000 a pop, making the total cost just over R1.4-million. The return in investment for Transnet, Phatlane explained, was publicity for the freight rail parastatal.

Transnet could place advertisements in the relatively new publication, which had only launched in late 2010 and hardly had advertisers.

For Jackson, the difficulty was the principle of not getting anything out of the advertising. He told the inquiry that he was ordered by Sigonyela to sell the idea of advertising in the paper to management, and not merely recommend it. When he refused to do so, citing the fact that the *New Age* did not have readership statistics to support the decision, he got into trouble with Sigonyela.

"What made it hard is that we could not test the reach of this newspaper," said Jackson, who added that the parastatal's brand awareness agency advised that it did not seem like a good idea. In any case, the deal was approved by then group CEO Brian Molefe.

According to Transnet's sponsorship policy, the GCEO's delegation of authority in terms of budget was only up to R30-million in 2011, and was reduced in April 2012 to R10-million. In essence, the limit that Molefe could approve for sponsorships by Transnet was R10-million in 2012, when he approved a larger deal, for 16 breakfast briefings in September of that year. This agreement would later be signed off by Nonkululeko Sishi, who acted in Molefe's post at the time, in May 2013.

A significant difference between the initial deal of 2011 and this one, was that instead of it being referred to as a sponsorship agreement, it was called a partnership agreement. Phatlane told the inquiry that he could not say what the budget limit was for this category of agreements.

Furthermore, the clause relating to termination of the agreement should Transnet not be satisfied with TNA's work, was struck off the document. Former Eskom chairperson Zola Tsotsi testified yesterday that the same was done with the electricity parastatal.

Although it was proposed by TNA at R20-million for the 16 breakfasts, Sigonyela declined this amount, bringing it down to R15-million. This time, the proposal from TNA noted how the relationship between the two organisations had grown, with Transnet's support during the previous two years.

Over time, Sigonyela had started to instruct his team to make sure that job advertisements were always placed with the *New Age* and *Sowetan*.

A further sponsorship of a feature in the *New Age* called the big interview caught the attention of commission chair, Deputy Chief Justice Raymond Zondo.

"Transnet was just being robbed, I mean really. You say they must just pay close to R2-million just because you are going to come up with an interview and you'll call it Transnet's Big Interview and it might have nothing to do with Transnet..."

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