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Zondo Commission – decision on Mumbai route change seemingly made without SAA CEO’s knowledge

Of all the issues that former public enterprises minister Malusi Gigaba preoccupied himself with at crisis-riddled South African Airways (SAA) a mere three months in office, the proposed closure of a route between Johannesburg and Mumbai, India was uppermost on his priority list. The proposal had come not from within SAA, but from a competitor on the route, India-based Jet Airways. It gained traction around a time when critical, urgent issues required intervention, but did not receive Gigaba’s immediate attention.

Sizakele Mzimela, the former CEO of SAA, told this to the commission of inquiry into state capture on Wednesday. She resigned at the height of high pressure from both Gigaba and a board that infiltrated the procurement area of SAA’s work.

To help speed up the process on the Jet Airways proposal, said Mzimela, Gigaba called two meetings at which the issue was discussed extensively, but without his direct input. Instead, the minister allowed the executive team to be attacked for delaying the inevitable.

At the first meeting, in January 2011 at the offices of the Department of Public Enterprises in Pretoria, Mzimela and then board audit committee chairperson Zakhele Sithole were lambasted by the CEO of Jet Airways, Naresh Goyal, who demanded answers as to why SAA was stalling over the withdrawal from the route. As far as he was concerned, the matter was a done deal. He decried the delay on the SAA side, demanding to know why the national carrier was delaying a process that was already promised to Jet Airways. Goyal had on a previous occasion in 2010 accosted Gigaba’s predecessor Barbara Hogan while she was on a business trip in India, wanting to discuss the route closure, only to be dismissed by her – Hogan shared this during her testimony in November last year.

Going into the meeting with Gigaba, however, Mzimela had the sense that the decision had already been made with regard to the route. While waiting for Goyal and another delegate from his team, Mzimela had used the time to brief Gigaba on the findings of her team’s review. A sudden call from SAA head of legal Sandra Coetzee to Mzimela left the former CEO even more puzzled. While she and Sithole were attending the meeting on the minister’s instruction, Coetzee had a Jet Airways representative in her office demanding that she sign a prepared agreement. Mzimela simply asked her to stall the individual, while she hoped to get more insight from the discussion about to be had. When the meeting eventually started, Gigaba introduced Goyal, who soon took over proceedings. “When he [Goyal] was raising issue as to why SAA was refusing to move off the route, in his view the decision had already been taken,” Mzimela recalled.

“When I pushed to try and understand who at SAA had agreed to move off the route...he mentioned the name of Mr Chris Smythe.”

Smythe had been acting in Mzimela’s position prior to her appointment, and together with then general manager of mergers and acquisitions Jan Blake, had signed off on and submitted a recommendation to the board for the withdrawal from the route. It was only after the review of this recommendation at the board’s request, soon after Mzimela’s arrival, that the matter was explored further to weigh SAA’s options.

The meeting ended after then deputy minister Ben Martins called Goyal to order, accusing him of overstepping his boundaries in addressing the delegation in an instructive manner. It was decided that SAA would continue to look into the matter.

A follow-up memorandum by Mzimela to then Public Enterprises director-general Tshidiso Matona in mid-April, prompted a second summoning of the SAA leadership – this time to the department’s Cape Town offices. Gigaba’s instruction did not give insight into why he wanted them there. Board chairperson Cheryl Carolus could not attend but instead sent board member Teddy Daka along with Mzimela. “We speculated on what could be on the agenda,” said Mzimela, adding that it could have been about a government guarantee that was in discussion.

Instead, Gigaba again raised the Mumbai route as the first agenda item, asking for an update on where the discussions were with Jet Airways. When Mzimela started to explain where the SAA team was on the matter, the minister’s advisor Siyabonga Mahlangu – who had been a regular feature on the topic – got very angry, attacking the SAA team for dragging their feet on the matter.

He told the meeting that he was tired of SAA delaying the matter and wasting taxpayers’ money, accusing the team of not realising the matter as an issue of national importance. “I got to a point where I got really angry and upset because it was getting quite personal... I felt that he was being quite disrespectful.”

Once more, there was no intervention from Gigaba, and the meeting ended with him asking that SAA and Jet Airways “find each other.”

Gigaba’s preoccupation with the route concerned Mzimela, as the airline had far more pressing matters. “The long and short of it was that it was the least of our worries.”

Mahlangu called Mzimela days later asking for a meeting, at which he apologised for his conduct, claiming he was under pressure and only acting on instructions. Mzimela told the inquiry that although she appreciated the apology, she had become wary of the ministry’s level of involvement in the operational issues.

This concern would grow over time, leading to the resignation of Carolus first, followed by several other directors.

Mzimela followed in late 2012, citing similar pressures. She is currently the interim CEO of SA Express.

SAA and Jet Airways eventually entered into a code-sharing agreement at the end of 2011, after the latter conceded to the reviewed proposal of the former. It was cemented in a memorandum of understanding. Oddly, by the time the two airlines signed, Jet Airways had relinquished its own operations on the route.

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