

COMMISSION OF INQUIRY INTO STATE CAPTURE

HELD AT

PARKTOWN, JOHANNESBURG

10

26 JUNE 2019

DAY 121

20

PROCEEDINGS ON 26 JUNE 2019

CHAIRPERSON: Good morning Ms September, good morning everybody.

ADV VERUSCHKA SEPTEMBER: Good morning Chair.

CHAIRPERSON: Are you ready

ADV VERUSCHKA SEPTEMBER: Yes we are Chair. Before we begin Chair there are legal representatives of certain persons in the proceedings today in regard not only to this witness but also implicated parties. With your leave may they place themselves on record please?

10 **CHAIRPERSON:** Yes thank you.

ADV VERUSCHKA SEPTEMBER: Thank you.

CHAIRPERSON: I think Mr Katz.

ADV ANTON KATZ: Thank you Mr Chairperson my name is Anton Katz from the Cape Town bar.

CHAIRPERSON: Hm.

ADV ANTON KATZ: I am instructed by Ms B Xulu and Partners on behalf of Mr Vuyisile Kona who is potentially an implicated person in respect of the witness that is going to be called today. Thank you Chair.

20 **CHAIRPERSON:** Thank you very much.

ADV LUDWIG BARENDSE: Good morning Chair.

CHAIRPERSON: Good morning.

ADV LUDWIG BARENDSE: My name is Ludwig Barendse I am assisted with – by Mr Casper Badenhorst we are from Ulrich Roux and Associates.

CHAIRPERSON: Hm.

ADV LUDWIG BAREND: We are here on the behalf of the witness Sizakele Mzimela today.

CHAIRPERSON: Thank you.

ADV LUDWIG BAREND: Thank you.

CHAIRPERSON: Thank you. Ms September.

ADV VERUSCHKA SEPTEMBER: Thank you Chair. Chair today we present the evidence of an ex-employee of South African Airways who is currently an employee of South African Express. Her evidence is

10 primarily focussed on governance at SAA and she will take us through certain events that she experienced during her tenure at SAA in relation to aspects of governance. In doing so the evidence that she presents is by and large confined to her term of office which was 1 April 2010 until October of 2012. Parts of her evidence Chair certainly relates to evidence that has already been placed before this commission through the witnesses of amongst others or rather in particular Ms Vytjie Mentor, Ms Cheryl Carolus and to a certain extent Ms Barbara Hogan. In that context the evidence that this evidence –

20 that this witness presents today augments evidence that has already been placed before this commission. Alternatively just corroborates versions that have been placed before this commission. In so doing the bundle before you Chair is marked with your leave DD14 and with your permission I would just like to take you through what is contained in the bundle?

CHAIRPERSON: The lever arch file containing the statement or

affidavit of Ms Sizakele Petunia Mzimela will be marked Exhibit DD14.

Yes you may go ahead.

ADV VERUSCHKA SEPTEMBER: Thank you Chair. Chair before you the bundle contains two parts. The first part is from pages 1 to 215 that is 215 and that is the sworn statement of this witness in addition to the annexures that will be referred to today.

CHAIRPERSON: As the sworn statement and annexures? It is the – her sworn statement and the annexures to her statement?

ADV VERUSCHKA SEPTEMBER: Yes Chair.

10 **CHAIRPERSON:** Okay alright.

ADV VERUSCHKA SEPTEMBER: Yes Chair. Then...

CHAIRPERSON: You said in addition to so I was wondering whether her statement is 200 an something pages.

ADV VERUSCHKA SEPTEMBER: No, no.

CHAIRPERSON: Okay right.

ADV VERUSCHKA SEPTEMBER: That is the full bundle of her evidence. And then the second part of the bundle includes an affidavit by an Advocate Sandra Coetzee that can be found from pages 216 to 229.

20 **CHAIRPERSON:** Yes.

ADV VERUSCHKA SEPTEMBER: Chair Advocate Coetzee will not be giving evidence today at these proceedings.

CHAIRPERSON: Who?

ADV VERUSCHKA SEPTEMBER: Or rather will not be...

CHAIRPERSON: Advocate Coetzee.

ADV VERUSCHKA SEPTEMBER: Advocate Coetzee.

CHAIRPERSON: Okay yes.

ADV VERUSCHKA SEPTEMBER: Will not be giving oral testimony at all and the affidavit that appears in the bundle was actually only received yesterday. Notwithstanding that the affidavit in a statement form and not deposed to before a commissioner of oaths does in fact form part of this witness' bundle as Annexure 6. In other words at Tab 6 Chair you will find the statement of Advocate Sandra Coetzee, Sandra Julie Hester Coetzee.

10 **CHAIRPERSON:** Is it signed?

ADV VERUSCHKA SEPTEMBER: It is signed on the last page as a statement which appears...

CHAIRPERSON: It appears to be an affidavit?

ADV VERUSCHKA SEPTEMBER: Sorry Chair?

CHAIRPERSON: It appears to be an affidavit, is it an affidavit?

ADV VERUSCHKA SEPTEMBER: No Chair it is just a mere statement. The signature on page 107...

20 **CHAIRPERSON:** But – but at the beginning she says she states under oath and at the end I think I see a commissioner's – a commissioner of oaths signature – yes I do.

ADV VERUSCHKA SEPTEMBER: Oh.

CHAIRPERSON: On the 25 June 2019.06.2

ADV VERUSCHKA SEPTEMBER: Yes that is the – that is the affidavit at the end of the bundle.

CHAIRPERSON: Yes.

ADV VERUSCHKA SEPTEMBER: That...

CHAIRPERSON: Why – why is it not an affidavit then?

ADV VERUSCHKA SEPTEMBER: No Chair you are in fact correct that is in fact the affidavit.

CHAIRPERSON: Yes.

ADV VERUSCHKA SEPTEMBER: But the exact same document appears in the form of a statement.

CHAIRPERSON: Hm.

ADV VERUSCHKA SEPTEMBER: At page 101.

10 **CHAIRPERSON:** Hm.

ADV VERUSCHKA SEPTEMBER: Of the bundle which is an annexure to this witness's evidence. In other words when it was clarified that Advocate Sandra Coetzee will not be coming to give oral evidence her statement was converted into an affidavit and that was merely then to transpose it into – sorry?

CHAIRPERSON: Who clarified that she would not be – who clarified that she would not be coming to give evidence?

ADV VERUSCHKA SEPTEMBER: It was the decision of the legal team in consultation with the investigators as I understand it to be Chair.

20 **CHAIRPERSON:** Ja but you cannot put in an affidavit on the basis that the legal team decides that somebody will not be called. I decide in the end whether somebody will be called.

ADV VERUSCHKA SEPTEMBER: As it pleases Chair.

CHAIRPERSON: They can take a view whether they think it is necessary but they must put that to me and I decide that.

ADV VERUSCHKA SEPTEMBER: As it pleases Chair and so by your direction we are guided by you as to whether or not you wish Ms Advocate Coetzee to come and give evidence.

MS SIZAKELE PETUNIA MZIMELA: And why – why did the legal team think she should not be called?

ADV VERUSCHKA SEPTEMBER: The evidence that she presents in her affidavit is merely corroborative – it merely corroborates the version of...

CHAIRPERSON: Ja that is not a ground for not calling – you know not
10 calling a witness.

ADV VERUSCHKA SEPTEMBER: As it pleases Chair.

CHAIRPERSON: I have – what I have indicated before is that if – if a witness' evidence does not appear to be in dispute or is unlikely to be challenged provisionally one can work on the basis that an affidavit would be sufficient but steps should be taken to see whether there is somebody who might wish to challenge it and if it appears that there is somebody who will challenge it that witness may have to be called.

ADV VERUSCHKA SEPTEMBER: As it pleases Chair.

CHAIRPERSON: Okay so I think that therefore any impression that
20 may have been created in her mind that she definitely will not be called should be corrected.

ADV VERUSCHKA SEPTEMBER: As it pleases Chair.

CHAIRPERSON: Whether she is called or not will be a decision that can be taken later.

ADV VERUSCHKA SEPTEMBER: We will be guided by you Chair.

CHAIRPERSON: Ja okay.

ADV VERUSCHKA SEPTEMBER: To that extent though Rule 3.3 Notices were in fact prepared yesterday. Notwithstanding the fact that we only received the signed affidavit yesterday and I understand from the secretariat that it has in fact been sent out this morning. So there were 3.3 Notices – three notices in particular that were sent out this morning and none of it has returned as not received.

CHAIRPERSON: But why is it so urgent that her statement or her affidavit should be part of today's proceedings if notices have not been
10 issued and she is not here to give evidence today?

ADV VERUSCHKA SEPTEMBER: I do not understand your question Chair.

CHAIRPERSON: Why is Ms Coetzee's statement or affidavit part of the bundle before state – Rule 3.3 Notices are sent out and have been received by the relevant implicated persons when she is not here to give evidence. Why can all that not wait?

ADV VERUSCHKA SEPTEMBER: Chair the crux of her evidence is integrated or parts of the evidence that she gives on affidavit is integrated into the evidence of this particular witness.

20 **CHAIRPERSON:** Yes I know Mr Katz is itching to say something. Mr Katz if it is something that – if it is not an objection then I can hear you immediately but if you have an objection I can hear you after finishing with her. Ja okay. Yes Ms September. So why should her evidence – her affidavit be here in this – her affidavit be in this bundle in circumstances where those who may be implicated in her affidavit have

not been given Rule 3.3 Notices?

ADV VERUSCHKA SEPTEMBER: Chair they have been given 3.3 Notices.

CHAIRPERSON: When?

ADV VERUSCHKA SEPTEMBER: In respect of the affidavit they were given them this morning.

CHAIRPERSON: Ja.

ADV VERUSCHKA SEPTEMBER: In respect...

CHAIRPERSON: But is that in compliance with the rules?

10 **ADV VERUSCHKA SEPTEMBER:** No Chair it certainly does not comply...

CHAIRPERSON: So what is the justification for not complying with the Rules?

ADV VERUSCHKA SEPTEMBER: Chair according to the sequence of events Ms Mzimela deposed to her affidavit and Rule 3.3 Notices were sent out in respect of her evidence. The very three people who are implicated by Advocate Coetzee in her affidavit are also implicated in the evidence of – or may be implicated sorry in the evidence of Ms Mzimela. And so there is a commonality in not only the identity of the
20 parties who may be implicated but also the type of evidence that may be led which may implicate them.

CHAIRPERSON: Let me hear Mr Katz.

ADV ANTON KATZ: Thank you Chairperson.

CHAIRPERSON: Mr Katz. Yes.

ADV ANTON KATZ: I am not sure whether what I am going to say

constitutes an objection or placing something on record.

CHAIRPERSON: Yes.

ADV ANTON KATZ: But this morning ten minutes ago I was given the affidavit.

CHAIRPERSON: Yes.

ADV ANTON KATZ: Of Ms Coetzee.

CHAIRPERSON: Yes.

ADV ANTON KATZ: I have looked at it literally in two minutes and what I can say

10 **CHAIRPERSON**: Yes.

ADV ANTON KATZ: Is that we would disagree with Ms September.

CHAIRPERSON: Yes.

ADV ANTON KATZ: Advocate September's description of it being a confirmatory or integrated affidavit.

CHAIRPERSON: Yes.

ADV ANTON KATZ: There are facts

CHAIRPERSON: Yes.

ADV ANTON KATZ: Which are wider than that deposed to by the witness.

20 **CHAIRPERSON**: Yes.

ADV ANTON KATZ: In Ms Coetzee's affidavit.

CHAIRPERSON: Yes.

ADV ANTON KATZ: Which I have not even had an opportunity to consider.

CHAIRPERSON: Yes.

ADV ANTON KATZ: They are wider.

CHAIRPERSON: Yes.

ADV ANTON KATZ: So it is not correct to say that it is a confirmatory of one page confirmatory which would be a different thing.

CHAIRPERSON: Yes.

ADV ANTON KATZ: It is a substantive affidavit with new facts.

CHAIRPERSON: Yes.

ADV ANTON KATZ: And I wish to place that on record.

CHAIRPERSON: Yes.

10 **ADV ANTON KATZ:** As it pleases.

CHAIRPERSON: Okay, okay. Well then maybe before you sit down Mr Katz I am – I am concerned all the time that implicated persons should give – should get proper notice. Sometimes it might not be as full a notice as the rules require but then they must be proper justification. There is provision in the rules as you will be aware for an implicated person who feels that he or she was not given enough time in terms of their Rule 3.3 Notice to approach the Chairperson for whatever relief and attempts would be made to try and strike a balance. So I am concerned about that part. I note that from your side you have not had
20 enough time to look at the affidavit and probably that explains why you are not sure whether to put it as an objection but you just want to place on record that the affidavit appears to go beyond what the particularly this witness has said.

ADV ANTON KATZ: And I

CHAIRPERSON: Yes.

ADV ANTON KATZ: And I suppose I would want an opportunity to consult with my client.

CHAIRPERSON: Yes.

ADV ANTON KATZ: As to whether the factual allegations made by the Coetzee affidavit are correct.

CHAIRPERSON: Yes.

ADV ANTON KATZ: And if they are not correct then I will advise him as to what options are available.

CHAIRPERSON: Yes.

10 **ADV ANTON KATZ:** Then I would approach the commission accordingly.

CHAIRPERSON: Yes.

ADV ANTON KATZ: But at this stage it would be unfair.

CHAIRPERSON: Ja.

ADV ANTON KATZ: It would be unfair for me to suggest

CHAIRPERSON: Yes.

ADV ANTON KATZ: Anything other than as far as this witness is concerned that her evidence includes the affidavit of Coetzee at this stage.

20 **CHAIRPERSON:** Yes, yes.

ADV ANTON KATZ: So we would – I suppose prima facie we would ask the Chairperson to rule that the evidence of Coetzee is not to be considered as part of the record or the commission until such time as my client has had an opportunity to consider it and make a decision as to whether he wishes to place any evidence before the commission,

cross-examine.

CHAIRPERSON: Yes.

ADV ANTON KATZ: But certainly not through this witness.

CHAIRPERSON: Yes. Maybe what we – maybe what one of the ways of dealing with it would be to arrange that this witness for the next maybe two hours does not give evidence that would relate to this particular – to what is covered – what is not covered – what is not covered in her own affidavit – in other words does not go – does not deal with issues that your client has not been notified about okay.

10 Maybe she was not going to do so because this affidavit – those matters may be fall outside of her knowledge and they fall within the knowledge of Ms Coetzee only.

ADV ANTON KATZ: That would be [indistinct].

CHAIRPERSON: So maybe if she – maybe if she were to just focus on what is in here affidavit because your client has had notice of that.

ADV ANTON KATZ: Yes.

CHAIRPERSON: Then that would be fine and – and either later maybe about tea break you might have had a chance to properly look at Ms Coetzee's affidavit. You might have had a chance to speak on the
20 phone with your client and at that stage maybe we talk again and see where we go. Is that alright?

ADV ANTON KATZ: I think – yes that might be – we cannot have an objection to that process.

CHAIRPERSON: For now yes.

ADV ANTON KATZ: That seems to me.

CHAIRPERSON: So let me make no decision now but let us do that other than that Ms Mzimela's – Ms Mzimela must be led only in regard to what is in her affidavit.

ADV ANTON KATZ: Yes the other aspect is I suppose also just thinking aloud.

CHAIRPERSON: Hm.

ADV ANTON KATZ: It would also – my client's attitude might also depend on the commission's ruling as to whether Coetzee is to give evidence or not.

10 **CHAIRPERSON**: Yes, yes.

ADV ANTON KATZ: Because if the affidavit goes in...

CHAIRPERSON: Yes.

ADV ANTON KATZ: Without her giving evidence we would have no opportunity to cross-examine.

CHAIRPERSON: Yes, yes.

ADV ANTON KATZ: We might have a particular stance which would mean make an affidavit.

CHAIRPERSON: Yes, yes.

20 **ADV ANTON KATZ**: If Coetzee is going to give evidence we might need to cross-examine but that would depend on the commission's ruling so those are the kinds of dynamics there are.

CHAIRPERSON: Yes.

ADV ANTON KATZ: That are in play.

CHAIRPERSON: Ja. No, no that is fine. I think you can take it that my approach would be that if a witness' evidence appears to be

controversial or in dispute as far as possible they should come and give evidence.

ADV ANTON KATZ: I am not even in a position to say whether my client disputes what is in...

CHAIRPERSON: Yes, yes so I am just saying to the extent that that might help you in understanding what is likely to happen. I just make that statement known.

ADV ANTON KATZ: Thank you, thank you Chair.

CHAIRPERSON: But at a certain stage then a decision can be taken. I
10 have not read the affidavit of Ms Coetzee I have read Ms Mzimela's affidavit so I ...

ADV ANTON KATZ: I also have not read it.

CHAIRPERSON: So [talking over one another]

ADV ANTON KATZ: So we in the same boat Mr Chair.

CHAIRPERSON: Ja. Okay alright so we – so you – we will proceed on the basis that Ms Mzimela will give evidence in accordance with her affidavit and after tea we will re-visit the matter after you have had a chance to read the – Ms Coetzee's affidavit.

ADV ANTON KATZ: Thank you, thank you Chair.

20 **CHAIRPERSON:** Okay thank you. Ms September.

ADV VERUSCHKA SEPTEMBER: Good day Chair.

CHAIRPERSON: That is what I intend doing, is that fine with you?

ADV VERUSCHKA SEPTEMBER: Chair before – while we are obviously guided by your direction.

CHAIRPERSON: Ja.

ADV VERUSCHKA SEPTEMBER: And your decision on this particular matter I wish to place the following on record.

CHAIRPERSON: Ja.

ADV VERUSCHKA SEPTEMBER: And that is to ensure that there is an accuracy of the steps that have been taken insofar as the Rule 3.3. Notice are concerned.

CHAIRPERSON: Yes but those Rule 3.3 Notices as far as I understand – as far as I understand from you in regard to Ms Coetzee were only taken either this morning or yesterday.

10 **ADV VERUSCHKA SEPTEMBER:** Chair the submissions that I would like to put on record is specifically to that which my learned colleague has presented here today.

CHAIRPERSON: Yes.

ADV VERUSCHKA SEPTEMBER: And so insofar as what he has mentioned I would like the following...

CHAIRPERSON: He said they do not agree with you that Ms Coetzee's affidavit is simply corroborative of Ms Mzimela's affidavit. She said it goes – it goes beyond that at least that is the impression he has got after reading it for a very short time. He has not had time to look at it
20 in more detail.

ADV VERUSCHKA SEPTEMBER: And I certainly do note the submissions that he makes but with your leave.

CHAIRPERSON: Yes.

ADV VERUSCHKA SEPTEMBER: I would just like to clarify something Chair. Chair in regard to my learned colleague's client in particular Mr

Kona he had received Rule 3.3 Notices in respect of both this witness Ms Mzimela and that was sent to him timeously on the 12 June.

CHAIRPERSON: No, no. Ms Mzimela's one is not as far as I understand is not in dispute. It is Ms Coetzee's one.

ADV VERUSCHKA SEPTEMBER: If I may just clarify a few ...

CHAIRPERSON: Yes.

ADV VERUSCHKA SEPTEMBER: So Mr Kona had received the Rule 3.3 Notice in respect of Ms Mzimela's evidence on the 12 June 2019 which is a timeous sending of that notice. Having said that that notice
10 included a copy of the statement of Ms Sandra Coetzee and that statement forms part of the bundle of Ms Mzimela.

CHAIRPERSON: Was it signed?

ADV VERUSCHKA SEPTEMBER: Yes Chair.

CHAIRPERSON: Is it identical to this?

ADV VERUSCHKA SEPTEMBER: The statement is – yes Chair it is exactly the same document. The only difference between Annexure 6 to Ms Mzimela's affidavit and the affidavit which was signed off yesterday is that the one was deposed to before a commissioner of oaths.

20 **CHAIRPERSON:** The one is an affidavit?

ADV VERUSCHKA SEPTEMBER: And the other one was not.

CHAIRPERSON: The other one is a statement.

ADV VERUSCHKA SEPTEMBER: Correct.

CHAIRPERSON: Okay.

ADV VERUSCHKA SEPTEMBER: So insofar as knowledge of what is

contained in the Rule 3.3 Notices concerned.

CHAIRPERSON: Yes.

ADV VERUSCHKA SEPTEMBER: I find it very hard to believe that there cannot be any knowledge of what is contained in the...

CHAIRPERSON: Well you are – you are – you are telling me ...

ADV VERUSCHKA SEPTEMBER: Affidavit...

CHAIRPERSON: That part for the first time. You should have told me before Mr Katz stood up to say although this affidavit of Ms Coetzee has not been sent to – is it Mr Kona?

10 **ADV VERUSCHKA SEPTEMBER**: It has been sent twice.

CHAIRPERSON: No, no the name of the person.

ADV VERUSCHKA SEPTEMBER: Mr Kona yes.

CHAIRPERSON: Yes. You should have said although this affidavit has not been sent to him a statement that was not an affidavit that is exactly identical was sent to him together with Ms Mzimela's affidavit. That is what you should have said.

ADV VERUSCHKA SEPTEMBER: I ought to have been clearer.

CHAIRPERSON: That – that – that may give a different you know colour to the whole matter. But whatever happens maybe what we
20 should do is after tea break when Mr Katz has had a chance to take instructions on everything and let me hear what the position is but in the meantime there should be no problem in us continuing on the basis that I indicated because she is not – Ms Mzimela is not going to finish her evidence before the tea break.

ADV VERUSCHKA SEPTEMBER: We certainly will not reach that

evidence before tea.

CHAIRPERSON: Yes so – so I think let us put everything in a bag after tea I will hear what the latest is.

ADV VERUSCHKA SEPTEMBER: Thank you Chair.

CHAIRPERSON: Okay. Yes.

ADV VERUSCHKA SEPTEMBER: One other thing to just bring to the attention of the commission Chair is that we have certainly received two we have received information that two of the parties who are implicated in this witness – in the evidence of Ms Mzimela may bring an
10 application as some later stage.

CHAIRPERSON: Ja we will see it when it comes – when the applications come.

ADV VERUSCHKA SEPTEMBER: Exercise [indistinct] but there is nothing we have.

[CHAIRPERSON AND ADV SEPTEMBER SPEAKING OVER ONE ANOTHER]

CHAIRPERSON: Ja okay.

ADV VERUSCHKA SEPTEMBER: And so with your leave can the oath please be administered?

20 **CHAIRPERSON**: Yes please administer the oath or affirmation/

REGISTRAR: Please state your full names for the record?

MS SIZAKELE PETUNIA MZIMELA: Sizakele Petunia Mximela.

REGISTRAR: Do you have any objections to taking the prescribed oath?

MS SIZAKELE PETUNIA MZIMELA: No.

REGISTRAR: Do you consider the oath to be binding on your conscience?

MS SIZAKELE PETUNIA MZIMELA: Yes.

REGISTRAR: Do you solemnly swear that all the evidence that you will give will be the truth; the whole truth and nothing but the truth; if so please raise right hand and say, so help me God.

MS SIZAKELE PETUNIA MZIMELA: So help me God.

REGISTRAR: Thank you.

CHAIRPERSON: Thank you.

10 **ADV VERUSCHKA SEPTEMBER:** Thank you Chair.

CHAIRPERSON: You may proceed.

ADV VERUSCHKA SEPTEMBER: Ms Mzimela before you you have a bundle and that is marked DD14. Can I ask you to turn to page 1 please? Do you recognise this document?

MS SIZAKELE PETUNIA MZIMELA: Yes I do.

ADV VERUSCHKA SEPTEMBER: What is it?

MS SIZAKELE PETUNIA MZIMELA: It is a document that I prepared.

ADV VERUSCHKA SEPTEMBER: Yes.

20 **MS SIZAKELE PETUNIA MZIMELA:** For submission to the state capture commission.

ADV VERUSCHKA SEPTEMBER: Can I ask you to bring the microphone a little bit closer please it is soft. Thank you.

CHAIRPERSON: Yes your voice was soft maybe you might need to raise it but maybe now that the microphone is closer it might not be necessary so let us see. Okay.

ADV VERUSCHKA SEPTEMBER: Thank you.

CHAIRPERSON: Alright.

ADV VERUSCHKA SEPTEMBER: Can I ask you to...Sorry.

MS SIZAKELE PETUNIA MZIMELA: I was confirming Chair that I am familiar with the document in front of me as the affidavit that I actually provided.

CHAIRPERSON: Thank you.

ADV VERUSCHKA SEPTEMBER: Can I ask you to turn to page 37 please? Whose signature appears on that page above the word
10 deponent?

MS SIZAKELE PETUNIA MZIMELA: It is my signature.

ADV VERUSCHKA SEPTEMBER: Is it therefor correct that you deposed to this affidavit before a commissioner of oaths on the 6 June 2019?

MS SIZAKELE PETUNIA MZIMELA: That is correct.

ADV VERUSCHKA SEPTEMBER: Is it also correct that for accuracy of record when you deposed to the affidavit you did not do so with the inclusion of the annexures to the affidavit?

MS SIZAKELE PETUNIA MZIMELA: That is also correct.

20 **ADV VERUSCHKA SEPTEMBER:** Thank you.

MS SIZAKELE PETUNIA MZIMELA: Chair.

ADV VERUSCHKA SEPTEMBER: Ms Mzimela can you please list or explain/discuss your academic qualifications to the Chair please?

MS SIZAKELE PETUNIA MZIMELA: Chair I hold a BA in Economics and Statistics and have obviously also benefitted from other executive

development programs and further professional development programs.

ADV VERUSCHKA SEPTEMBER: What position do you currently hold Mr Mzimela?

MS SIZAKELE PETUNIA MZIMELA: I currently hold the position Chair of Interim Chief Executive Officer for South African Express Airways.

ADV VERUSCHKA SEPTEMBER: And in particular what position did you hold during the time of 1 April 2010 until about the 8th or 9th October 2012?

MS SIZAKELE PETUNIA MZIMELA: I held the position of Group Chief
10 Executive of South African Airways.

ADV VERUSCHKA SEPTEMBER: And is it correct that your evidence today relates to your tenure as Group Chief Executive Officer of South African Airways?

MS SIZAKELE PETUNIA MZIMELA: That is correct Chair.

ADV VERUSCHKA SEPTEMBER: On page 2 you give a listing of your employment history. Can I ask you to please take us through your employment history with the particular focus on any roles in which governance played a dominant aspect?

MS SIZAKELE PETUNIA MZIMELA: Without going into every single
20 position.

CHAIRPERSON: Yes there are very many.

MS SIZAKELE PETUNIA MZIMELA: Yes indeed.

CHAIRPERSON: Just those that you consider important in the context of governance.

MS SIZAKELE PETUNIA MZIMELA: Indeed Chair. So firstly I mean I

do have over 22 years in aviation as most of my time has actually been spent in the aviation space. I have also been in a position as Executive Vice President so in terms of the executive positions Executive Vice President of Global Sales and Voyager and also as Executive Vice President of Global Passenger Services. Post that I was Chief Executive Officer for SA Express during 2003 up to March 2010 at which point I then moved across to SAA as Group Chief Executive of SAA and I was there until 2012. After I left SAA I was Chief Executive and Executive Chair of Blue Crane until I returned into
 10 the SOC as part of the Ministerial task team in June 2018 when SA Express was grounded. And as of the 1 August 2018 I am now the Interim CEO of SA Express.

ADV VERUSCHKA SEPTEMBER: So by and large the roles that you have had during your employment history included many roles of – in executives positions or very senior managerial positions, is that right?

MS SIZAKELE PETUNIA MZIMELA: That is correct and I did also have the benefit of being a non-executive director on various other entities and boards.

ADV VERUSCHKA SEPTEMBER: So through your experience in your
 20 employment history at the very least you have a good understanding or you are required and were required to have a good understanding of governance principles?

MS SIZAKELE PETUNIA MZIMELA: That is correct Chair. It was also something that was emphasised by the then board of South African Airways even as part of the interviewing process in joining SAA as

Group Chief Executive.

ADV VERUSCHKA SEPTEMBER: Thank you. And now if we can just look quickly to SAA being South African Airways as an organisation and in particular the framework under which it operates. Are you familiar with the framework under which SAA operates?

MS SIZAKELE PETUNIA MZIMELA: Yes I am Chair.

ADV VERUSCHKA SEPTEMBER: And is it then correct that like all person in South Africa which is obliged to observe and uphold the constitutional principles of the constitution of the Republic of South
10 Africa SAA also subscribes to principles of the South African Airways Act, the Public Finance Management Act and applicable treasury regulations and it also subscribes to the King Report on governance.

MS SIZAKELE PETUNIA MZIMELA: That is correct Chair.

ADV VERUSCHKA SEPTEMBER: Is there any other aspect or principles that you are aware of which may augment this framework?

MS SIZAKELE PETUNIA MZIMELA: In this regard obviously within SAA there are various documents that existed such as the MOI. The significance and materiality framework and the shareholders compact and the corporate plan.

20 **ADV VERUSCHKA SEPTEMBER:** Thank you. Before we look at those documents in a bit more detail or rather before you share your evidence in relation to that as a national public entity it is – it subscribes to the principles of the Public Finance Management Act, correct?

MS SIZAKELE PETUNIA MZIMELA: That is correct.

ADV VERUSCHKA SEPTEMBER: And Chair we know that the object of

that Act is to secure transparency accountability and sound management of the revenue expenditure assets and liabilities of the institution. We also know that through the Public Finance Management Act that funding is from the National Revenue Fund which I understand to be the Government Purse. In so doing does SAA – who does SAA account to?

MS SIZAKELE PETUNIA MZIMELA: SAA accounts to the shareholder representative which in my case at that time and still is today was the Department of Public Enterprises.

10 **ADV VERUSCHKA SEPTEMBER:** And is it correct that it accounts to the shareholder through the Cabinet Member who has been appointed for the particular portfolio under which SAA falls?

MS SIZAKELE PETUNIA MZIMELA: Sorry could you please repeat that.

ADV VERUSCHKA SEPTEMBER: No problem.

MS SIZAKELE PETUNIA MZIMELA: Ja.

ADV VERUSCHKA SEPTEMBER: Is it correct that SAA would account to Parliament – sorry ...

MS SIZAKELE PETUNIA MZIMELA: Hm.

20 **ADV VERUSCHKA SEPTEMBER:** Through the Cabinet Member under whose portfolio SAA falls?

MS SIZAKELE PETUNIA MZIMELA: That is correct.

ADV VERUSCHKA SEPTEMBER: So during your tenure as Group Chief ...

CHAIRPERSON: Well is that – is that – is that accurate – the through

part – is it accurate? Is the position not that both SAA Management and S - the SAA Board could be called by the relevant portfolio committee to Parliament and to – to account quite apart from whatever obligations the relevant Minister might have had or might have?

MS SIZAKELE PETUNIA MZIMELA: That was also correct – I mean – Chair.

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: Indeed we can - the Board or the Management is often called ...

10 **CHAIRPERSON:** Yes.

MS SIZAKELE PETUNIA MZIMELA: Directly – I mean – by Parliament.

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: I understood the question to be more who the representative is ...

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: Of |Government and who liaises

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: With Government between the entity in Parliament.

20 **CHAIRPERSON:** No, no I – I understand. Maybe the question might have wandered back but the through part – I think – what I was concerned about because it could create a wrong impression.

MS SIZAKELE PETUNIA MZIMELA: Hm.

CHAIRPERSON: Yes.

ADV VERUSCHKA SEPTEMBER: I am – I am indebted to you for the

clarity Chair. During your tenure as Group Chief Executive Officer of SAA under which department did SAA fall?

MS SIZAKELE PETUNIA MZIMELA: SAA fell under the Department of Public Enterprises.

ADV VERUSCHKA SEPTEMBER: And so the responsible Minister would have been the Minister of Public Enterprises?

MS SIZAKELE PETUNIA MZIMELA: That is correct Chair.

ADV VERUSCHKA SEPTEMBER: And during your office of April 2010 until October 2012 who were the Ministers under whom you served?

10 **MS SIZAKELE PETUNIA MZIMELA:** I – so Chair initially ...

CHAIRPERSON: Okay.

MS SIZAKELE PETUNIA MZIMELA: Ja. So initially ...

CHAIRPERSON: She did not serve under a Minister. She did not serve under a Minister.

ADV VERUSCHKA SEPTEMBER: My bad choice of word.

CHAIRPERSON: She is – I think the question is who was the Minister of Public Enterprises?

ADV VERUSCHKA SEPTEMBER: At the time?

MS SIZAKELE PETUNIA MZIMELA: Yes indeed. So thank you Chair.

20 When I initially joined SAA the Minister of Public Enterprises was Ms Barbara Hogan but by the time I left in 2012 the Minister was Mr Malusi Gigaba.

CHAIRPERSON: Thank you.

ADV VERUSCHKA SEPTEMBER: So the then Minister Malusi Gigaba and who was there at the time when you left when - do you recall when

he took office?

MS SIZAKELE PETUNIA MZIMELA: I would not actually – Chair I would not recall the exact date but I think it will be around November 2010 if I am correct.

CHAIRPERSON: Well I have heard evidence by other witnesses that Ms Barbara Hogan was dismissed as Minister at the end of October 2000 ...

MS SIZAKELE PETUNIA MZIMELA: 2010.

CHAIRPERSON: 2010.

10 **MS SIZAKELE PETUNIA MZIMELA:** That is correct yes.

CHAIRPERSON: I think 2010 and that Minister Gigaba was appointed as her – as – as her successor. So he would have started in November 2010.

MS SIZAKELE PETUNIA MZIMELA: November 2010.

CHAIRPERSON: *Ja.*

MS SIZAKELE PETUNIA MZIMELA: That is correct.

ADV VERUSCHKA SEPTEMBER: Thank you. Now to look particularly to governance – governance principles the implementation of governance. What is your understanding of good corporate governance
20 based on your experience and knowledge acquired over the years?

MS SIZAKELE PETUNIA MZIMELA: Chair my understanding of good corporate governance is when there is a very clear framework or rule book that ensures that there is fairness and there is transparency and in that regard there is very clear allocation of duties in order to - to ensure that transparency and fairness and also to ensure that we – we

adhere to compliance in relation to decisions that are taken within the organisation.

ADV VERUSCHKA SEPTEMBER: Thank you and in your understanding how are good corporate governance principles implemented within an institution?

MS SIZAKELE PETUNIA MZIMELA: In my understanding we ensure that via the various documentations that would – which I see more as delegations of authority between what would be the shareholder and the Board, the Board and management and management and – sorry –
10 the Board and the CEO and CEO to – to management.

That is the one but also it is ensuring that within the organisation itself that there is very clear distinction in terms of what is the Board responsible for and how do we actually ensure that when decisions are taken they go through the correct processes which in the case of SAA at the time there were various sub-committees that had actually been formed to process some of that work through to the Board.

CHAIRPERSON: I guess also what the shareholder representative can do or cannot do would fall under governance – proper governance
20 rules?

MS SIZAKELE PETUNIA MZIMELA: Indeed Chair.

CHAIRPERSON: *Ja.* There – there is a line beyond which he or she cannot or should not go ...

MS SIZAKELE PETUNIA MZIMELA: Indeed Chair.

CHAIRPERSON: And also in relation to the Board - as you have

mentioned – what areas they should not go into and what areas they need to deal with?

MS SIZAKELE PETUNIA MZIMELA: That is correct Chair.

ADV VERUSCHKA SEPTEMBER: Before we look at some of the regulatory documents in a bit more detail who are the primary stakeholders that is involved in upholding governance principles within a State Owned Entity such as South African Airways? You have already mentioned the shareholder.

MS SIZAKELE PETUNIA MZIMELA: Ja.

10 **CHAIRPERSON:** What – was the question who the stakeholders are?

ADV VERUSCHKA SEPTEMBER: Who the primary shareholders are in upholding governance?

CHAIRPERSON: Shareholders?

ADV VERUSCHKA SEPTEMBER: Who the primary stakeholders are ...

CHAIRPERSON: Stakeholders?

ADV VERUSCHKA SEPTEMBER: In upholding governance principles within a State Owned Entity?

MS SIZAKELE PETUNIA MZIMELA: Chair my response to that would be that – well the shareholder representative is definitely a key
20 stakeholder in ensuring governance and I say a key stakeholder because they would also – I think earlier on you mentioned Parliament and Cabinet that they are representative.

So I take it that they are also ensuring that they not instruction but ensure that they apply governance or compliance to governance according to what would be expected from Parliament as

well and then as I have said the shareholder is – is the next one – I mean – who would ensure - I mean – governance.

For me after that it would be the – the Board of the entity who

...

ADV VERUSCHKA SEPTEMBER: Before we turn – before we turn to the Board who appoints the Minister?

CHAIRPERSON: Hang on – hang on. She has not finished telling you the stakeholders.

ADV VERUSCHKA SEPTEMBER: Sorry.

10 **CHAIRPERSON:** You were asking her ...

ADV VERUSCHKA SEPTEMBER: Ja, sorry.

CHAIRPERSON: To tell you the stakeholders.

ADV VERUSCHKA SEPTEMBER: As it pleases.

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: Okay and then in terms of ensuring it would be the Board and as I already indicated the Board then utilises various committees to ensure that they oversee specific areas of governance within the organisation or compliance to – to governance in the area but within the organisation itself there are also
20 additional individuals who would be employed to ensure that there is compliance to the – to the rules and regulations or good governance.

ADV VERUSCHKA SEPTEMBER: And who would those additional people be?

MS SIZAKELE PETUNIA MZIMELA: In the case of SAA at the time it would obviously be the – the person who heads up the Risk and

Compliance Portfolio. It would be the person who looks – the Legal – the Head of Legal would also be responsible for that compliance.

CHAIRPERSON: But the – would the CEO also not be a person who must ensure that the organisation he or she leads complies with good governance?

MS SIZAKELE PETUNIA MZIMELA: You are correct Chair. I think I just forgot myself in the loop.

CHAIRPERSON: You forgot yourself?

MS SIZAKELE PETUNIA MZIMELA: Yes.

10 **CHAIRPERSON:** Okay, alright. Thank you.

ADV VERUSCHKA SEPTEMBER: Thank you and so you have mentioned the shareholder which is the Minister. Is that right?

MS SIZAKELE PETUNIA MZIMELA: That is – the shareholder representative because the shareholder ...

ADV VERUSCHKA SEPTEMBER: The shareholder representative is the Minister?

MS SIZAKELE PETUNIA MZIMELA: Hm.

ADV VERUSCHKA SEPTEMBER: And who appoints any particular Minister? Do you know?

20 **CHAIRPERSON:** Oh Ms September. Everybody knows who appoints Ministers.

ADV VERUSCHKA SEPTEMBER: In that instance then who was the President at the time of your tenure?

MS SIZAKELE PETUNIA MZIMELA: The President was President Jacob Zuma.

ADV VERUSCHKA SEPTEMBER: Thank you. Can I now ask you to turn to page 5 of your affidavit please? Chair the diagram on this page is really small and so we have in fact presented – included on the next page a bigger ...

CHAIRPERSON: Okay.

ADV VERUSCHKA SEPTEMBER: Copy of the diagram itself.

CHAIRPERSON: Huh-uh.

ADV VERUSCHKA SEPTEMBER: What does this diagram represent Ms Mzimela?

10 **MS SIZAKELE PETUNIA MZIMELA:** This diagram represents what I was already to in terms of how governance was managed at SAA at the time I was there. So it indicates the – the Ministry and that the Board reported to the Ministry ...

ADV VERUSCHKA SEPTEMBER: Yes.

MS SIZAKELE PETUNIA MZIMELA: And that – below – below the Board you had various sub-committees and I have listed those sub-committees.

CHAIRPERSON: Is the company secretary put at the right place in that diagram?

20 **MS SIZAKELE PETUNIA MZIMELA:** In terms of the company secretary ...

CHAIRPERSON: In terms of the hierarchy?

MS SIZAKELE PETUNIA MZIMELA: Yes.

CHAIRPERSON: Oh.

MS SIZAKELE PETUNIA MZIMELA: So the company secretary

reported to the Board and should have probably been below the Board
...

CHAIRPERSON: Yes that is what I am talking ...

MS SIZAKELE PETUNIA MZIMELA: But was placed there in order to also indicate that some of the correspondence to the Ministry would go through the company secretary at the office in order to ensure compliance.

CHAIRPERSON: But that should not be a reason for her to be or him to be above the Board in the diagram?

10 **MS SIZAKELE PETUNIA MZIMELA:** You are correct Chair.

CHAIRPERSON: Yes.

ADV VERUSCHKA SEPTEMBER: Yes.

CHAIRPERSON: Okay. It is just that it is important because the - as I understand it the diagram is supposed to show the structures as well as structures/officers/officials as well as the hierarchy. That is – that is my understanding. So when I see the company secretary where – been before – between the Board and the Ministry it seemed unusual to me but you – you say – you say my thinking is right?

MS SIZAKELE PETUNIA MZIMELA: Your thinking is correct Chair.

20 **CHAIRPERSON:** Yes, okay. Thank you. I interrupted you. You may proceed.

ADV VERUSCHKA SEPTEMBER: Please proceed.

MS SIZAKELE PETUNIA MZIMELA: Oh and then ...

CHAIRPERSON: You ...

MS SIZAKELE PETUNIA MZIMELA: There are the sub-committees and

you then see that there was a Group CEO and because it was the Group CEO I then indicate the areas that actually fell under the – the Group CEO which were the CEO at the time which was CEO of SATC which is South African Travel Centre, the CEO of Mango the CEO of Air Chems and the CEO of SA Technical and then the other – those were subsidiaries of SAA – and then the next layer indicates – and it is not the more layer because they are more or less at the same level as the CEOs.

The difference being that the others are called CEOs because
10 they are CEOs of subsidiaries ...

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: And then the GMs were the - the General Managers within SAA itself.

ADV VERUSCHKA SEPTEMBER: So ...

CHAIRPERSON: Would the – would the Committees that appear in blue just under internal auditor would those be Board Committees or Management Committees?

MS SIZAKELE PETUNIA MZIMELA: Those are Board Committees Chair. So when we talk about remuneration and the – and Human
20 Resources Committee ...

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: Those were committees of the Board.

CHAIRPERSON: Of the Board. Oh, okay. No I was beginning to think I may have been wrong in thinking that it reflects the hierarchy as well

because I see the Group CEO was below those committees but if they are Board Committees then – then that is in order.

MS SIZAKELE PETUNIA MZIMELA: Yes.

CHAIRPERSON: Yes Ms September.

ADV VERUSCHKA SEPTEMBER: Thank you Chair. So just to clarify the Board reports to the Ministry but the Board has sub-committees. For the record can you read the – the names of the sub-committees please?

MS SIZAKELE PETUNIA MZIMELA: At the time we had the
10 Remuneration and Human Resources Committee – Sub-committee. It was the Procurement and Tender Processes Sub-committee, Social and Ethics Governance and Monitoring Sub-committee, the Finance and Risk and Investment Sub-committee and the Audit Committee.

CHAIRPERSON:

ADV VERUSCHKA SEPTEMBER: Thank you and so if – unless my colour is out of sync – if we could look at the pink/purple colour. Is it correct that that part of the diagram which is from Group CEO and below that would effectively be the – the management within SAA?

MS SIZAKELE PETUNIA MZIMELA: That is correct Chair.

20 **ADV VERUSCHKA SEPTEMBER:** And in doing so the first – rather the sub-committee – the Board Sub-committees which in effect reports to the Board – what exactly is the purpose of these Board Sub-committees?

MS SIZAKELE PETUNIA MZIMELA: Some – so there are sub-committees which are statutory sub-committees such as the – the Audit

Committee and – and the role of the – the Audit Committee is to review all matters relating to finances within the organisation and risk as well that would actually fall under that.

In the case of SAA you would see that there was at the time a specific committee that looked or took responsibility for finance risk and investment and it was quite specific for a certain period and thereafter it folded back into the Audit Committee which was – which is the correct home for it to actually reside but because there were specifically challenges during that period the Board felt it was
10 necessary for them to form a sub-committee which looked at the risk and investment quite specifically within the organisation.

ADV VERUSCHKA SEPTEMBER: Before you move onto the sub-committee can you give us some example of matters that the finance risk and investment would consider for consideration by the Board?

MS SIZAKELE PETUNIA MZIMELA: So examples of what the – the Finance Risk and Investment Committee would consider would be matters relating to the closure of – of routes or – or any project within the – the organisation that require money to – to be spent but – and –
20 and as I said I mean also the closure of routes. They were also responsible for hedging - our hedging policies which is a very important part – you know - of the airline.

ADV VERUSCHKA SEPTEMBER: Thank you.

CHAIRPERSON: Did these committees have decision making power or only power to make recommendations to the Board?

MS SIZAKELE PETUNIA MZIMELA: All of the sub-committees were utilised to make recommend – to make recommendations to the Board but ultimately it is the Board that makes the decision. The only sub-committee which is normal for all organisations is the Audit Committee where there are one or two matters that they can make or take a decision and that pertains to – you know – maybe the appointment of auditors and what the auditors are been paid but every other sub-committee was tasked to review whatever information was brought to its attention in detail to then be able to make the correct
10 commendation to the Board.

ADV VERUSCHKA SEPTEMBER: Thank you. So you have explained the purpose of the Audit Committee and so to have you dealt with the Finance Risk and Investment Committee. Can I ask you to do the same for the three remaining sub-committees please?

MS SIZAKELE PETUNIA MZIMELA: Okay. The Social Ethics Governance and Monitoring Committee would actually be a committee that ensures that the organisation manages its work in an ethical manner and not only that that it also looks at other matters which may not be financial but are important to the organisation.

20 Such as what a – whether we have the correct policy – policies in place for a key stakeholder such as our employees and making sure that they are safe in the workplace – they are safe and secure – I mean – in the workplace just as an example of some of the work that would be undertaken in the social and ethics and governance ...

CHAIRPERSON: To that extent would there be some overlap between the work of that committee and the work of the Remuneration and human resources committee?

MS SIZAKELE PETUNIA MZIMELA: What Chair – what normally ...

CHAIRPERSON: Or not really?

MS SIZAKELE PETUNIA MZIMELA: Yes. When you look at remuneration and human resources their function would be to look at how we – we pay our employees within the – the organisation. Their function would be to ensure that we do have policies that actually
10 manage our relationships with our employees within the organisation.

The difference between – and yes there is bit overlap in some instances between that sub-committee and that Social and Ethics Committee but the Social and Ethics Committee would be looking at it in terms of maybe ensuring that all of these policies are in place and that the organisation is doing the right things as it pertains to its employees.

Not so much that we – that we do have a policy for example which is a – talks to how we manage people say with HIV within the organisation and yes the Human Resources Committee would probably
20 have driven the policy but the Social and Ethics would want to ensure that it is aligned to best practice. So just a slight (intervenes).

CHAIRPERSON: Slight overlap?

MS SIZAKELE PETUNIA MZIMELA: Yes exactly.

CHAIRPERSON: Ja, okay.

ADV VERUSCHKA SEPTEMBER: And then the Procurement and

Tender Process Committee.

MS SIZAKELE PETUNIA MZIMELA: So – and then Chair the Procurement and Tender Committee – Processes Committee - was actually formed in order to review and recommend on behalf of the Board all of the big tenders that would be undertaken within the organisation.

CHAIRPERSON: I guess between that committee – the work of that committee to and the work of the Social Ethics and Governance and Monitoring Committee there could be some – some overlap in terms of
10 particular governance and tenders. Is that right?

MS SIZAKELE PETUNIA MZIMELA: That is correct – I mean – Chair.

CHAIRPERSON: Hm.

MS SIZAKELE PETUNIA MZIMELA: You do tend to find that the Social and Ethics Committee is one of those that overlaps and ordinarily over ...

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: A number of the committees ...

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: Because it is to ensure that they
20 are doing things correctly.

CHAIRPERSON: There is corporate governance?

MS SIZAKELE PETUNIA MZIMELA: Yes.

CHAIRPERSON: Okay.

ADV VERUSCHKA SEPTEMBER: And lastly the Remuneration and Human Resources Committee.

CHAIRPERSON: She – she already said but I do not know if she wants to add anything Ms Mzimela.

MS SIZAKELE PETUNIA MZIMELA: You are correct Chair. I had already indicated that the Remuneration and Human Resources Committee would look in terms of how we remunerate our employees within the organisation and to ensure that we have policies in place that manage our relationships with our – with the employees.

ADV VERUSCHKA SEPTEMBER: Thank you and so once matters are considered at Board sub-committee level it then gets escalated to the
10 Board for a decision. Is that right?

MS SIZAKELE PETUNIA MZIMELA: That is correct Chair.

ADV VERUSCHKA SEPTEMBER: If we can then look to some of the key governance documents within SAA and we are now still on page 5 or your affidavit and in particular paragraph 8. You have listed four documents in particular the first being the Memorandum of Incorporation.

The next is the Significance and the Materiality Framework. The third is a shareholders compact and lastly a corporate plan. Can you please explain to the Commission what are the key and salient
20 features and importance of – let us start with – the Memorandum of Incorporation?

MS SIZAKELE PETUNIA MZIMELA: The Memorandum of Incorporation would actually detail the case of SAA was a Schedule 2 Airline. It is an airline that has been formed under an Act – you know – of Government and it will also talk to how the Directors are appointed to the Board and

the relationship between the share – the shareholder and the organisation in terms of the Directors of the entity.

CHAIRPERSON: I think she would like you to say something on all those four documents.

MS SIZAKELE PETUNIA MZIMELA: Yes.

CHAIRPERSON: *Ja.*

MS SIZAKELE PETUNIA MZIMELA: Okay Chair and then in terms of the Significance and Materiality – I mean – Framework in ...

ADV VERUSCHKA SEPTEMBER: In fact can I just interrupt you for a
10 second and ask you to go to page 39 before we close off on the Memorandum of Incorporation? What is this document which appears before you?

MS SIZAKELE PETUNIA MZIMELA: It is the Articles of Association.

ADV VERUSCHKA SEPTEMBER: Thank you.

CHAIRPERSON: For SAA?

MS SIZAKELE PETUNIA MZIMELA: For South African Airways that is correct Chair.

CHAIRPERSON: Hm.

ADV VERUSCHKA SEPTEMBER: And in line with the evidence that has
20 been given Chair Directors and its provisions relating to Directors regulated at paragraph 21 which is on page 63.

CHAIRPERSON: Well do you now want her to finish first mention – saying something on each one of them and then if you want to go to more aspects on each one then you can do that.

ADV VERUSCHKA SEPTEMBER: Guided by you Chair.

CHAIRPERSON: Yes.

ADV VERUSCHKA SEPTEMBER: In that instance please go back then to explain the Significance and Materiality Framework.

MS SIZAKELE PETUNIA MZIMELA: The Significance and Materiality Framework in simple terms I would describe it as a Delegation of Authority from the shareholder representative to the – the Board because what it would actually contain are those matters that – most importantly the matters that need to be referred to the shareholder representative which in this case was the Department of Public
10 Enterprises but because obviously this is a state entity.

There was also the requirement in most instances for a concurrence with the Minister of Finance as well on some of those decisions that are contained there. So it was quite specific about those matters that needed to be escalated to the shareholder.

CHAIRPERSON: It is – it is an unusual title or name for the document – Significance and Materiality Framework as opposed to Delegation of Authority which appears to be quite common with a lot of parastatals.

MS SIZAKELE PETUNIA MZIMELA: Hm.

CHAIRPERSON: Is there insignificance on the different naming or not
20 really?

MS SIZAKELE PETUNIA MZIMELA: I would not know.

CHAIRPERSON: No that you know of.

MS SIZAKELE PETUNIA MZIMELA: I mean I would not know Chair ...

CHAIRPERSON: *Ja*, okay.

MS SIZAKELE PETUNIA MZIMELA: But that is what it was actually

called.

CHAIRPERSON: Okay but you say it is for all intents and purposes it serves the purpose of a Delegation of Authority.

MS SIZAKELE PETUNIA MZIMELA: A Delegation of Authority.

CHAIRPERSON: Okay.

ADV VERUSCHKA SEPTEMBER: Chair – Chair I can place on record that the significance and materiality framework is in fact a compliance requirement under the Public Finance Management Act.

CHAIRPERSON: Oh, okay.

10 **ADV VERUSCHKA SEPTEMBER:** In specific Sections 54 to ...

CHAIRPERSON: And it is – it is termed like that?

ADV VERUSCHKA SEPTEMBER: Sorry.

CHAIRPERSON: And it is termed like that?

ADV VERUSCHKA SEPTEMBER: It is not for some other strange reason it is broken up into two parts.

CHAIRPERSON: Ja, okay.

ADV VERUSCHKA SEPTEMBER: It is compliance with Section 54(2) and 55(2) of the PFMA.

CHAIRPERSON: Okay, alright. Thank you. Please proceed
20 Ms Mzimela.

MS SIZAKELE PETUNIA MZIMELA: In terms of the shareholder compact Chair it would be a document where the shareholder is communicating its strategic intent to the organisation and would actually contain performance targets that would be monitored between the shareholder representative and the organisation and is a document

that would normally be reviewed on an annual basis in order to look at those targets.

CHAIRPERSON: Is – (clearing throat) – excuse me – is it – is it – (clearing throat) – excuse me. Is it a – a document/agreement between the shareholder representative and the Board or – or it includes management?

MS SIZAKELE PETUNIA MZIMELA: You are correct Chair because ultimately it has to be approved by the Board ...

CHAIRPERSON: Yes.

10 **MS SIZAKELE PETUNIA MZIMELA:** And then it is signed off by the shareholder.

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: So it is the relationship that (intervenes).

CHAIRPERSON: Yes but it – (clearing throat) obviously it places – it contains to – to say the least expectations ...

MS SIZAKELE PETUNIA MZIMELA: Yes.

CHAIRPERSON: By the shareholder and maybe the Board of among other things management's performance what they should pursue what
20 objectives what priorities they should pursue.

MS SIZAKELE PETUNIA MZIMELA: That is correct Chair.

CHAIRPERSON: Hm.

MS SIZAKELE PETUNIA MZIMELA: That is why they even developing the shareholders compact.

CHAIRPERSON: Hm.

MS SIZAKELE PETUNIA MZIMELA: Management would be involved in terms of providing.

CHAIRPERSON: Would be fully involved?

MS SIZAKELE PETUNIA MZIMELA: Yes.

CHAIRPERSON: Yes, yes.

MS SIZAKELE PETUNIA MZIMELA: In providing the necessary information to the Board.

CHAIRPERSON: Okay.

ADV VERUSCHKA SEPTEMBER: So is it then understood if I
10 understand you correct – your evidence correctly that it is almost
driven from the bottom up – if we could use that terminology – in that
the performance indicators for the company is determined and decided
by management first?

MS SIZAKELE PETUNIA MZIMELA: Maybe just a correction that it is
not so much about – it is – it would – it would be driven from internal in
terms of those performance indicators that pertain specifically to the
financial type – I mean – indicators because management would say
this is what we plan to actually deliver but it is a proposal that gets
tabled at the Board which then the Board must interrogate and see
20 whether management is stretching itself or not in terms of the targets
that they are putting forward and what drives some of what they are
proposing as part of that shareholder compact.

Once the Board is actually satisfied with having interrogated –
so the Board would still have a right to go back to management and say
we're not comfortable with the following we would want you to change

on the basis of whatever the case may be at that point in time. Likewise, once the Board has actually approved that document and it's taken through to the shareholder the shareholder equally has the opportunity to interrogate what is presented to them and can either accept or come back to the Board to say we're not comfortable with the performance indicators that you have stipulated.

ADV VERUSCHKA SEPTEMBER: Thank you for that clarity.

MS SIZAKELE PETUNIA MZIMELA: On D which is the corporate plan, this is the three-year plan that seeks to actually project further than
10 just the one year in terms of implementing or talking to how a strategy which has been approved would be implemented over the years. So it would actually contain, in the case of an airline, our focus areas from a route perspective, what are the routes that the airline would want to focus on and the reasons behind that, it would also contain what is – what would be required by the organisation in order to deliver on what would be stipulated in the corporate plan and there, what I'm talking about, is either it's financial support or the requirement to make changes to items such as the fleet, which is the aircraft that we utilise as airlines to generate revenue but it's a forward looking plan, a three-
20 year plan that talks to what needs to be done in to the future.

ADV VERUSCHKA SEPTEMBER: Is it correct that the corporate plan is also a legislative requirement?

MS SIZAKELE PETUNIA MZIMELA: Yes it is Chair, we are required to submit that to the shareholder.

ADV VERUSCHKA SEPTEMBER: Chair, in fact, just for the record it's

regulated by Section 52 of the PFMA in particular to regard to schedule 2 entities for which SAA is. Ms Mzimela, it's correct that SAA also needs to prepare annual reports.

MS SIZAKELE PETUNIA MZIMELA: That is correct Chair.

ADV VERUSCHKA SEPTEMBER: What is the process in relation to the preparation of annual reports and its submission?

MS SIZAKELE PETUNIA MZIMELA: So the reports would be prepared internally within the organisation, we do have – which is a responsibility – finance department with the CFO driving the process on a day-to-day basis in the preparation of those Annual Financial Statements. Once they have been – and they work very closely with internal audit, the reason why we have internal audit is they need to work very closely as well with the finance department in the preparation of those Annual Financial Statements to ensure that they actually meet or they're compliant in their nature. Once the financials have actually been concluded, they are then tables, so obviously I'm speaking specifically about the CFO but I'm talking about the team overall because once the CFO who reports this CO has finalised those statements then the CEO will then present those statements to the Board...(intervention).

CHAIRPERSON: I'm sorry Ms Mzimela probably both you and Ms September realise that I seem like I want to say something, why do we need all of that?

ADV VERUSCHKA SEPTEMBER: Chair it's really just to set the landscape for the regulatory framework within which SAA operates and

to the extent of governance matters that are then addressed at a later stage...(intervention).

CHAIRPERSON: Well I read Ms Mzimela's statement, I don't recall anything that really would make that necessary, is there something I've missed, how an annual report is processed.

ADV VERUSCHKA SEPTEMBER: It's really more so the reporting structure that I was concerned about, which I thought may be relevant for purposes of the evidence, having said that we'll move on...(intervention).

10 **CHAIRPERSON:** I want us to get to Mr Mzimela's real important evidence as soon as possible.

ADV VERUSCHKA SEPTEMBER: As it pleases.

CHAIRPERSON: Some of the things were important to mention but just reconsider some of the things, I think it seems to me that some that you have touched on were important but I'm not sure about the need for the details about how an annual report gets processed.

ADV VERUSCHKA SEPTEMBER: As it pleases Chair, there's just two quick questions then on this aspect.

CHAIRPERSON: Okay.

20 **ADV VERUSCHKA SEPTEMBER:** The first is were there delegations of authority in place and did you implement any delegations of authority when you took office?

MS SIZAKELE PETUNIA MZIMELA: Yes Chair there were delegations of authority, there was a delegation from the Board to myself and post that finalisation of that delegation of authority, I then equally, I gave

delegations to the next level within my team.

ADV VERUSCHKA SEPTEMBER: Thank you and then the last question on this point, is how did you communicate any financial and operational updates to the shareholder's representative?

MS SIZAKELE PETUNIA MZIMELA: In the case of SAA at the time, firstly, obviously there are periods where we need to actually provide an update on not just only the financial performance but the overall performance of the organisation in terms of quarterly reports that get provided to the shareholder representative, so that was the one but in
10 addition to that, because it so happened that it was the conditions of the guarantee that had been provided to SAA there were also monthly monitoring – monitoring meetings held between the shareholder representatives being National Treasury and the DPE with the team within SAA to provide those regular updates of performance.

ADV VERUSCHKA SEPTEMBER: And so then on a monthly basis the shareholder's representative would be well versed with what is happening at an operational level and at a financial level borne out of a government guarantees that were given to SAA is that right?

MS SIZAKELE PETUNIA MZIMELA: So just for clarity, we've been
20 using the term, shareholder representative and in my view I'm talking about more the Minister in that case. For the monthly monitoring meetings it would be representatives of the Ministry, so that would be present at those meeting, so they have what they call, the aviation teams or people who are allocated to the aviation stream to specifically manage those type of matters and my assumption would then be that

they're doing it in order to feedback themselves through their own system.

ADV VERUSCHKA SEPTEMBER: Than you, Ms Mzimela when Minister – the then Minister Gigaba took office did he take any issue with any of the regulatory documents that you've explained and explained to this Commission about?

MS SIZAKELE PETUNIA MZIMELA: As I recall he did have some concerns relating to the MOI and his concerns...(intervention).

ADV VERUSCHKA SEPTEMBER: Ad the MOI, for the record is the
10 Memorandum of Incorporation.

MS SIZAKELE PETUNIA MZIMELA: Yes the MOI because I believe that he wanted it to be a lot more specific in terms of how the CEO would be appointed and in the case of SAA it was clear that the Board that would actually make the appointment of the CEO with – not the concurrence but they would obviously put forward the recommendation to the Ministry to confirm their comfort in terms of that appointment with the CEO but – and I don't really have, I mean, the actual specifics in terms of the clauses that he had concerns about but his general concern was that he felt that the SAA one did not give enough power to
20 the Ministry in terms of their involvement on the appointment of the CEO.

CHAIRPERSON: At that stage, the actual decision for the appointment of the CEO for SAA was – did it vest in the Board?

MS SIZAKELE PETUNIA MZIMELA: That's correct.

CHAIRPERSON: And the Board might consult the Minister or have

some discussion with him but the final decision would vest with the Board?

MS SIZAKELE PETUNIA MZIMELA: Indeed Chair, the Board would be the one that makes the recommendation to say, we followed our process, this is our recommended candidate which then they would put forward to the Minister because as you would know Chair, that it is something that also needs to go all the way to cabinet for approval as well.

CHAIRPERSON: Yes but what I'm trying to establish is, because it
10 depends what it goes to cabinet for, you know, it could go there for purposes of information, it could go there for purposes of their views on the suitability of the candidate, it could go there for whatever reason, it's important to understand who actually makes the decision, is it the cabinet during that time in regard to SAA as far as you understand, you might not know the details because you wouldn't have appointed yourself as CEO but you – was it the Board who would make the decision but before they made the decision there was a process which included the name that they were thinking of – the person that they were thinking of appointing going to the Minister before they announce
20 and maybe ultimately the Board to cabinet but in the end it was their decision or was it the Minister who would make the decision after the name had been presented to cabinet and the Board's role was simply to make a recommendation?

MS SIZAKELE PETUNIA MZIMELA: So no Chair, in – during my tenure anyway, the decision was actually made by the Board on this is

their candidate.

CHAIRPERSON: Yes but there was some process ...(intervention).

MS SIZAKELE PETUNIA MZIMELA: But there was a process.

CHAIRPERSON: You might not be sure now exactly how that process would go.

MS SIZAKELE PETUNIA MZIMELA: That's correct Chair.

CHAIRPERSON: Okay and you say Minister Gigaba was concerned about the process or the power to appoint the CEO.

MS SIZAKELE PETUNIA MZIMELA: That is correct Chair.

10 **CHAIRPERSON:** Okay.

ADV VERUSCHKA SEPTEMBER: And now how would you describe your experience of governance under Minister Barbara Hogan as compared to Minister Malusi Gigaba?

MS SIZAKELE PETUNIA MZIMELA: I think that if I'm going to do a comparison of both Minister's under Barbara Hogan I would say that governance was very well managed and that the Minister ensured that here communication was with the Board or the Chair of the Board who represented – the Board as a whole and at the CEO's counterpart was the DG, the Director General within the public enterprises and that –
20 what I found if I look at differences is that Ms Barbara Hogan or the individuals under the Ministry during Ms Barbara Hogan would ensure that any communication with the organisation was formal written communication in all instances. So I would say that was actually managed quite well. We also knew of who the individuals were who'd interact with the organisation so it was very clear, as I indicated that

the DG would contact the CEO if there was something that he or she actually needed to establish from the organisation and likewise in terms of those monthly monitoring meetings, we knew who our team was on our side that would be meeting with some of those shareholder representatives on a monthly basis. So there was very clear levels of communication and transparency in that regard but not everybody could just come into the organisation and request information and for me that was the difference between the one Minister and the other Minister because under Minister Gigaba what we then soundly found is that we

10 had lots of people from the Ministry, who in the past had never had any – let me not say right but had never actually come into the organisation or understood they needed to come within our organisation to request information. So things were beginning to fall through the cracks, in terms of the management of information, the management of requests that were coming through from executives – not executives but members of the Ministry, who, in the past really had no relationship with the organisation which is, for me, was a breakdown in good governance.

CHAIRPERSON: I think it's time to take the tea adjournment, Mr Katz

20 you look like you want to say something to me, do you want to come forward.

MR KATZ: Thank you Chair, Chairperson I've considered the position and I wish to make three points and then Chairperson you could perhaps just consider them over the tea break.

CHAIRPERSON: Yes.

MR KATZ: The first point is that my learned friend suggested that the statement of Coetzee dated December 2018 is identical to her affidavit dated today and I conferred with one of the document persons of the Commission, Mr De Beer who indicated – I asked him, was it identical and he said they were twins but not identical, which I thought was an apt way of looking at it and I said to him, perhaps he did my job for me but he explained what the difference was.

CHAIRPERSON: Yes.

MR KATZ: At first blush, when I said to you this morning that I was
10 taken by surprise was that the numbering is different and the reason is, there's a break in the numbering but importantly there's one sentence which is added to paragraph 17 of Ms Mzimela's affidavit which is in the affidavit but not in the statement. It doesn't implicate my client so it's not (indistinct) but it's an important sentence and she will deal with it, it's nothing to do with my client, but what is important is this, in the rule 33 – that's the first point.

CHAIRPERSON: Yes.

MR KATZ: The second point that I wish to make is, in the rule 33 statement dated 12 June 2019 sent to my client, importantly in
20 paragraphs 2 and 3 or in paragraph 2, it is suggested that the relevant paragraphs of Ms Mzimela's affidavit which implicate my client are in paragraphs 91 to 102 and when one has regard to paragraphs 91 to 102 there's no reference to Coetzee's affidavit. Ms Coetzee's affidavit is only referenced in paragraphs 44 and 45 of this witness's affidavit. So from a fairness point of view, one would expect a rule 33 notice to

identify that which is the possible difficulty and it didn't happen on the 12th of June. What did happen on the 26th of June, today, there is a new rule 33 notice which points to Coetzee's affidavit and indicates particular paragraphs and particular problems with what is said in those paragraphs, potentially for my client, that's paragraphs - I'm actually not sure, I'm not sure what the paragraph numbers are but not important for present purposes. So the submission that I wish to make as a final concluding point is this, were the Commission to admit Coetzee's affidavit as evidence before the Commission we would ask
 10 for an opportunity to file an affidavit. On the other hand, were the Commission to, for example order Coetzee to give evidence, we would ask to consider an opportunity to consider whether we'd ask for an opportunity to cross-examine and there are three specific aspects of her affidavit which we would think are something that my client would want to cross-examine Coetzee about. I'm not sure that it's State Capturing, earth shattering evidence against my client, but at the same time there are things said about my client, which require some consideration.

CHAIRPERSON: What do you think of us proceeding – I mean from
 20 what you have said, to me, it does appear that whatever it is that may be in Ms Coetzee's affidavit, which was not in her statement that was sent earlier on...(intervention).

MR KATZ: Doesn't affect my client.

CHAIRPERSON: Doesn't – it's not something that matters so it seems to me that in that event maybe it would be a fair striking of the balance

if we were to proceed on the understanding that should you wish to bring - your client wish to bring an application to cross-examination Ms Coetzee, that would be considered at the time and as I say I haven't read it but if – what you could do if I – if you, in the meantime before you know whether Ms Coetzee will be called or not, if you in the meantime, or your client, prepares a statement or affidavit responding to whatever he may wish to respond that would help in saying, is there a dispute, it's a serious dispute and then whether or not Ms Coetzee gets called it might, among other things, depend on that.

10 **MR KATZ:** That would, in our submission strike the balance.

CHAIRPERSON: Yes.

MR KATZ: I would want some time to prepare the affidavit of my client dealing with Coetzee's affidavit.

CHAIRPERSON: Yes.

MR KATZ: It would be a short affidavit by my client...(intervention).

CHAIRPERSON: No that's fine.

MR KATZ: But it would still need to take on three small facts which – and of course this witness plays no role in respect of my client.

CHAIRPERSON: Yes well the – Ms Coetzee's affidavit your client is
20 only getting today, from what I understand...(intervention).

MR KATZ: Although we've had it as a statement.

CHAIRPERSON: They got the statement but in terms of the affidavit they will get it maybe today...(intervention).

MR KATZ: There are two things, the one is we receive it as an affidavit today but also importantly, the rule 33 notice of today

identifies the parts of Coetzee's affidavit which it is suggested implicates our client and I want to focus on those aspects which we haven't had the opportunity to do.

MR KATZ: No, no that's fine, I think you – in terms of the rules you would have something like 14 days to file something if you want to and that should be enough time.

MR KATZ: May I suggest, today is, I think, Wednesday the 26th if you imposed upon us a deadline of say next Friday which is the 5th of ...(intervention).

10 **CHAIRPERSON:** That will give you, not more than 14 days isn't it?

MR KATZ: It's less than 14 days.

CHAIRPERSON: Ja.

MR KATZ: I'm going on holiday.

CHAIRPERSON: That's fine, let's say you undertake to file an affidavit by Friday of next week.

MR KATZ: Friday of next week which we'll be dealing with, effectively what's contained in today's rule 33 notice.

CHAIRPERSON: No that's fine, that's fine.

MR KATZ: Thank you.

20 **CHAIRPERSON:** Yes thank you very much. Ms September I'm sure you have no problem with that?

ADV VERUSCHKA SEPTEMBER: No Chair.

CHAIRPERSON: We'll take the tea adjournment now and we'll resume at twenty to twelve, we adjourn.

INQUIRY ADJOURNS

INQUIRY RESUMES

CHAIRPERSON: Okay let us proceed.

ADV VERUSCHKA SEPTEMBER: Thank you. Ms Mzimela before the short adjournment you were describing your experiences under the – of governance under Minister Hogan as compared to Minister Gigiba. Just two particular points on that. How would you explain or describe the manner and style of communication between SAA and the Ministries under each of those Ministers?

CHAIRPERSON: I think she did deal with that. She did say that under
10 Minister Barbara Hogan communication was formal. The ministry would send formal communication and they knew who to deal with at the ministry in terms of representatives and under Minister Gigiba that was not the case and I am putting it in my own words everybody and anybody could just come to SAA that they did not know to be part of a team that they were dealing with. Ms Mzimela have I put words into mouth?

MS SIZAKELE PETUNIA MZIMELA: No Chair I think you have actually summarised it very well.

CHAIRPERSON: Yes.

20 **MS SIZAKELE PETUNIA MZIMELA:** Thank you.

CHAIRPERSON: Yes, yes.

ADV VERUSCHKA SEPTEMBER: And then just on clarities of protocols of engagement who was the counterpart of the Minister within SAA?

MS SIZAKELE PETUNIA MZIMELA: It was the Chairperson.

ADV VERUSCHKA SEPTEMBER: Who was the counterpart of the DG

in SAA?

MS SIZAKELE PETUNIA MZIMELA: It would be...

CHAIRPERSON: She said that as well.

MS SIZAKELE PETUNIA MZIMELA: The CEO.

CHAIRPERSON: She says the CEO would deal with the DG and the Minister would deal with the chairperson of the board.

ADV VERUSCHKA SEPTEMBER: Thank you Chair it was certainly my recollection that there was not absolutely clarity on the protocols of engagements but I am indebted to you Chair.

10 **CHAIRPERSON:** Ja okay.

ADV VERUSCHKA SEPTEMBER: Ms Mzimela it is understood that SAA is a network carrier as compared to a local carrier, is that right?

MS SIZAKELE PETUNIA MZIMELA: Yes Chair so just I mean to clarify difference I mean it is..

ADV VERUSCHKA SEPTEMBER: Please.

CHAIRPERSON: It is a network carrier as a point to a local point to point carrier.

20 **ADV VERUSCHKA SEPTEMBER:** And what ex – can you elaborate a bit more on the differences in operation between a network carrier as compared to a local carrier?

MS SIZAKELE PETUNIA MZIMELA: So a point to point carrier and a typical example would be some of the low cost carriers that we have in South Africa where you are actually operating routes between Johannesburg and Cape Town or Johannesburg and Durban and the passengers that are sitting on your aircraft actually originate from

those destinations being Johannesburg or Cape Town, Port Elizabeth or whatever the point of entry would be. When you are a network carrier even the way in which you review the performance of the route what you would look at is not just the point to point but how much that route is contributing in terms of connecting traffic as well. So in the case of SAA there are certain routes which and I would use the Johannesburg/London route as an example where on Johannesburg/London the people originate I mean from London they come, they land in Johannesburg but the reason why possibly they

10 choosing SAA even as a carrier is because SAA can connect them immediately to the ultimate destination which could be in Zimbabwe or anywhere else. So when you are network carrier you are always trying to put together a system that allows that flexibility for passengers to connect as quickly as possible out of any of the hubs that you have.

ADV VERUSCHKA SEPTEMBER: One route that you particularly deal with in your affidavit is called the Mumbai route.

MS SIZAKELE PETUNIA MZIMELA: Yes.

ADV VERUSCHKA SEPTEMBER: Can you please give a brief description of what this Mumbai route entailed?

20 **MS SIZAKELE PETUNIA MZIMELA:** So Mumbai was a destination which I operate – SAA operated on and at the time when I started – when I started I mean at SAA SAA operated between Johannesburg and Mumbai and they were the only operator on the route or rather only direct operator on the route.

ADV VERUSCHKA SEPTEMBER: So you first became aware of it when

you took office in 2010?

MS SIZAKELE PETUNIA MZIMELA: So when I took office in 2010 what I became aware of in relation to the Mumbai route are the issues that the board had concern over. Because obv – I had been at SAA I have been an executive, Vice President of Global Sales so I was also quite familiar with all of the routes because at some point I managed all of those route I mean as well under the Global Sales Portfolio. But in coming back to SAA in 2010 what was brought to my attention was from the board was the level of discomfort pertaining to a recommendation
10 that had been put in front of them to close the Mumbai route.

ADV VERUSCHKA SEPTEMBER: And who – which board member approached you to have discussions informing you about the concerns on the Mumbai route?

MS SIZAKELE PETUNIA MZIMELA: In my testimony I refer to a Mr Teddy Daka but I refer to him in the context of him reminding me or sharing with me what had actually transpired prior to my arrival at SAA and why there was discomfort, there was such a high level of discomfort in relation to that proposal. But in my capacity as the CEO of SAA the matter was raised by the board with me to say please could
20 you look at reviewing this recommendation and come back with the position – your position on how we should actually proceed with regard to this route.

ADV VERUSCHKA SEPTEMBER: And so....

CHAIRPERSON: What were the issues of concern to the board that you became aware of with regard to the Mumbai route when you became

interim CEO?

MS SIZAKELE PETUNIA MZIMELA: Correction Chair I was not interim CEO.

CHAIRPERSON: Oh not interim.

MS SIZAKELE PETUNIA MZIMELA: Yes.

CHAIRPERSON: It is only now that you are interim.

MS SIZAKELE PETUNIA MZIMELA: Yes.

CHAIRPERSON: CEO at that time you were CEO.

MS SIZAKELE PETUNIA MZIMELA: That is correct Chair.

10 **CHAIRPERSON:** Okay yes.

MS SIZAKELE PETUNIA MZIMELA: Yes.

CHAIRPERSON: Thank you.

MS SIZAKELE PETUNIA MZIMELA: The concerns I mean from the board I think were mostly well from Mr Daka sharing his experience is that his concern was more in terms of the pressure that was being put on the board to make a very quick decision in relation to the termination of this route. So that is the first thing that made them uncomfortable. The second thing that made them uncomfortable is that although there was a proposal put in front of them that actually
20 indicated that the route was not profitable they questioned why that particular route was the one that was being given priority because at that time SAA had challenges on a number of the international routes.

CHAIRPERSON: Now you said that this one board – this one member of the board shared these concerns or issues with you or shared with you concerns of the board.

MS SIZAKELE PETUNIA MZIMELA: Yes.

CHAIRPERSON: But you said subsequently the board raised its concerns with you as well, is that correct? Or they just asked you to look into the issues?

MS SIZAKELE PETUNIA MZIMELA: So the board – maybe let me just go back in terms of describing the sequence of events.

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: As it is set out in my affidavit. The board with me taking over as CEO of SAA they did ask me to say
10 as one of the first things they would actually like me to review or look at the recommendation that had been put in front of them relating to the closure of Johannesburg/Mumbai. In my testimony I make specific reference to a discussion that I had with Mr Daka in reminding me when I was having the conversation around – as part of me preparing my affidavit and he said by the way this was some of what happened prior to your arrival at SAA which is part of what made us uncomfortable as a board and the key issue was just how it was being rushed and we were being – they calling special meetings or committee meetings to try and get the approval through. And they were wondering why? You know
20 the level of discomfort was on the basis of saying why all this urgency when there are other routes that equally are challenged.

CHAIRPERSON: Okay.

ADV VERUSCHKA SEPTEMBER: At which forum was the submission considered?

MS SIZAKELE PETUNIA MZIMELA: It was considered at the Finance

Risk and Investment Committee.

ADV VERUSCHKA SEPTEMBER: Can I ask you to turn to page 82 please. Do you recognise this document?

MS SIZAKELE PETUNIA MZIMELA: I do Chair.

ADV VERUSCHKA SEPTEMBER: If you turn to page – in fact the document is under the heading of Finance Risk and Investment Committee. It is to FRIC being the acronym for the sub-committee and it is from General Manager Mergers and Acquisitions and it is dated 13 February 2010 under a subject title of Termination of Flights from
10 Johannesburg to Mumbai. If I can ask you to turn to page 86 please? Whose signature appears under the – point 1 as the person who had compiled and recommended this document?

MS SIZAKELE PETUNIA MZIMELA: It is the signature of Jan Blake.

ADV VERUSCHKA SEPTEMBER: And what position did he hold?

MS SIZAKELE PETUNIA MZIMELA: At that point he was the General Manager of Mergers and Acquisitions.

ADV VERUSCHKA SEPTEMBER: And at point 2 whose name and signature appears as indicated to have been approved by EXCO?

MS SIZAKELE PETUNIA MZIMELA: It is the signature of Chris Smyth
20 who was the acting Chief Executive Officer prior to my arrival.

ADV VERUSCHKA SEPTEMBER: Thank you. And having considered this document what are the salient features of this document that you can highlight to the commission?

CHAIRPERSON: I am sorry before that was this document prepared and submitted to FRIC before your time?

MS SIZAKELE PETUNIA MZIMELA: That is correct Chair.

CHAIRPERSON: So that is the document you were talking about when you said when you arrived you understood that a submission had been made relating to a recommendation for the cancellation of the route Mumbai route?

MS SIZAKELE PETUNIA MZIMELA: That is correct Chair.

CHAIRPERSON: Okay. And EXCO I see that at page 86 it is indicated under 2 approved by EXCO and then Chris Smyth acting Chief Executive Officer. EXCO I assume would have been a number of
10 people who were in the committee or not really – what was the position?

MS SIZAKELE PETUNIA MZIMELA: Yes Chair ordinarily if there is reference to EXCO the implication is that it is all the executive committee members.

CHAIRPERSON: I have agreed.

MS SIZAKELE PETUNIA MZIMELA: Yes.

CHAIRPERSON: Oh so – okay so when he – so this approved by EXCO means it was not just approved by him it is approved by that group of people? Is that how you understand it? I am looking for your own
20 understanding of what this is supposed to mean? Normally it would – documents to say approved then the name of the person and his or her designation then it means that is the person who has approved and that person signs. Here it says approved by EXCO then appears the name Chris Smyth then acting Chief Executive Officer but there is no provision for any other member of EXCO to sign so I am wondering

what your own understanding was when you saw it or the knowledge that you gained subsequently about whether this represented that the group of people who formed EXCO had approved this.

MS SIZAKELE PETUNIA MZIMELA: Maybe Chair if I could respond in the following manner. It is unusual firstly that it – he signs as an acting CEO and says approved by EXCO.

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: Because the EXCO approval is normally documented in a separate forum which is the EXCO meeting.

10 **CHAIRPERSON:** Yes.

MS SIZAKELE PETUNIA MZIMELA: If that matter had actually been discussed and signed off by EXCO.

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: So that is the one.

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: In terms of my subsequent knowledge in relation to how this actually came about I do not believe that I can confirm that it was all EXCO that approved.

CHAIRPERSON: Yes.

20 **MS SIZAKELE PETUNIA MZIMELA:** This document.

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: There were one or two members of EXCO that had been involved.

CHAIRPERSON: Hm.

MS SIZAKELE PETUNIA MZIMELA: In this process but not as an

EXCO team.

CHAIRPERSON: As individuals?

MS SIZAKELE PETUNIA MZIMELA: Yes.

CHAIRPERSON: Ja okay thank ou.

ADV VERUSCHKA SEPTEMBER: Thank you. So having considered the document what in your view are the salient features and points of any concern arising from the document?

CHAIRPERSON: Well maybe let us start with obviously you have read this document, you read it many years ago and you have refreshed your
10 memory on it.

MS SIZAKELE PETUNIA MZIMELA: Yes.

CHAIRPERSON: Is that right?

MS SIZAKELE PETUNIA MZIMELA: That is correct Chair.

CHAIRPERSON: One it recommended the cancellation of the Mumbai route, is that correct?

MS SIZAKELE PETUNIA MZIMELA: That is correct Chair.

CHAIRPERSON: What are the main reasons that it gave as to why the Mumbai route should be cancelled?

MS SIZAKELE PETUNIA MZIMELA: The reasons that were provided as
20 part of the recommendation was that the Mumbai route was a loss making route and that the team that was putting this proposal forward saw an opportunity – were highlighting that additionally they saw an opportunity that in cancelling the route they would free up aircraft that would be utilised on other destinations and the third point that they table as part of this document is that there is Jet Airways that is

coming onto the route and their motivation basically then is that SAA must cancel the route and rather purely co share on Jet Airways.

CHAIRPERSON: And when you – when you saw this recommendation or document for the first time had the body to which it was addressed had the chance to deliberate on the recommendation already or had it not yet?

MS SIZAKELE PETUNIA MZIMELA: To my knowledge Chair that had already deliberated on that.

CHAIRPERSON: Yes, yes.

10 **MS SIZAKELE PETUNIA MZIMELA**: And indeed had also raised concerns which were tabled.

CHAIRPERSON: Yes okayl.

MS SIZAKELE PETUNIA MZIMELA: As part of the resolution.

CHAIRPERSON: Okay alright.

MS SIZAKELE PETUNIA MZIMELA: Yes.

CHAIRPERSON: Maybe you can – you can deal with what you understood to their concerns where and then you can give your own views of the proposal what view you took of this recommendation. Yes you go.

20 **MS SIZAKELE PETUNIA MZIMELA**: So – ja – so Chair I mean as indicated what were their concerns as I understand it is that they were concerned that whilst it was true that Mumbai from a point to point perspective was not making – was making a loss but they were concerned that it was not the worst performing route in the network and they could not quite understand...

CHAIRPERSON: That is now FRIC?

MS SIZAKELE PETUNIA MZIMELA: That is FRIC.

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: Yes. They could not understand why there was a recommendation to close off the route given that it was not the only loss making route or the highest loss making route. They were also concerned about the motivation being based on a codeshare agreement with Jet Airways who had actually announced their intentions to start flights between South African and Mumbai. And
10 raising the concerns from a timing perspective to say why you are rushing prior to this carrier even coming onto the route before we can talk about the possibility of a potential codeshare with them. And they also asked – raised questions around why only Jet Airways had actually been considered and that were there no other opportunities to possibly I mean codeshare with other carriers as well. That is what I understood to be their concerns.

ADV VERUSCHKA SEPTEMBER: And on that can you go to page 88 which you may have been on already.

MS SIZAKELE PETUNIA MZIMELA: Yes.

20 **ADV VERUSCHKA SEPTEMBER:** And the evidence that you have just given then documents those four key points of concern, is that right?

MS SIZAKELE PETUNIA MZIMELA: That is correct Chair.

ADV VERUSCHKA SEPTEMBER: And at the end of the document it informs the resolution that was taken for the record can you read that into the record please?

MS SIZAKELE PETUNIA MZIMELA: It reads as follows:

“That resolve that the submission be submitted to the
SAA board for consideration taking into account the
concerns raised by FRIC as indicated above.”

CHAIRPERSON: Hm.

ADV VERUSCHKA SEPTEMBER: What did you then Ms Mzimela? Did
you take any steps after learning about this concern in relation to the
route closure?

MS SIZAKELE PETUNIA MZIMELA: Indeed I did because I had been
10 requested by the board to actually do that. So I then tasked I mean our
commercial team to go back and review the route and the analysis that
had been provided as part of this recommendation. And I do need to
make the point that what was found is that this document which was
submitted to FRIC was quite comprehensive in terms of the information
that it actually provided but it was also quite silent on other issues
which I think were quite critical in – for the board to make their
decision. The document does talk about the fact that SAA is a network
carrier. It talks about the fact that when you look at the performance or
at least it hints on that. When you look at the performance of the route
20 if you are a network carrier it is important to also consider connection
traffic and also the cargo contribution of that route. But it is then silent
or rather it also mentions how significant the connecting traffic was on
the Johannesburg/Mumbai route but then it becomes quite silent about
once you have added the connecting revenue and you have added the
cargo revenue what does the actual performance of Mumbai really look

like.

ADV VERUSCHKA SEPTEMBER: What markets did the Mumbai route allow SAA to access?

MS SIZAKELE PETUNIA MZIMELA: I will respond in the following way that for SAA or at least the team that I worked with I mean at SAA for us the Mumbai route was not – we did not review it only on the performance which is important only on its route performance but it was about its strategic value to SAA on other destinations as a network carrier. What I am talking about there is that Mumbai route fed a lot of
10 traffic onto some of our regional routes such as Johannesburg/Ghana, Accra and it was also the fastest link from Asia like in India to South America and so therefore it was a critical feeder to our South America route as well as SAA.

ADV VERUSCHKA SEPTEMBER: Thank you.

CHAIRPERSON: Well please just repeat for me the two points I think you made. You made the one point which you said that document recommending the cancellation of the route highlighted but you then mentioned the point that it was silent on which you regarded as quite important. Just repeat that part for me?

20 **MS SIZAKELE PETUNIA MZIMELA:** What was I highlighting Chair is that in relation to the reasons why the route should be closed and specifically when they also mention numbers they highlight what the number is in relation to the point to point...

CHAIRPERSON: That is passengers?

MS SIZAKELE PETUNIA MZIMELA: Passengers

CHAIRPERSON: Ja.

MS SIZAKELE PETUNIA MZIMELA: Ja point to point passengers and revenue. The document does speak to the fact that this route is important it is a strategic route because it actually contributes significantly in terms of connecting traffic to other destinations such as South America and to the rest of the continent. However that is where it stops. It then does not say based on the importance of these two elements if you then add those numbers and be quite specific in terms of the number this is what the performance of the route actually looks
10 at. So they stop the reporting of the route at a particular line and do not go below that line to add the connecting traffic and the cargo revenue which is critical on this route and it is contributing to the overall network performance.

CHAIRPERSON: I can understand the – the determination of what revenue is affected by low numbers in terms of passengers and by high numbers so to the extent that one attaches monetary value in terms of revenue.

MS SIZAKELE PETUNIA MZIMELA: Yes.

CHAIRPERSON: To the numbers of passengers that SAA had in that
20 route that I can understand and as you say that is important.

MS SIZAKELE PETUNIA MZIMELA: Yes.

CHAIRPERSON: But I would like you to enlighten me on the actual significance of the part that you say they did not deal with. Whether its significance has got anything to do with revenue or whether its significance relates to other issues other than revenue?

MS SIZAKELE PETUNIA MZIMELA: So Chair in response I mean to your question I think that when the team and I then put the proposal forward to the board highlighting some of the things that have not been taken into consideration it formed two elements. One as in pertains to actually revenue that would have been part of what I called the connecting revenue because there is a number that you can attach to the connecting revenue. There is also a number that you can attach to the cargo uplift between the two destinations. So that was the first part in terms of – from a pure monetary perspective to say this is something

10 that – I would say the documents hints on but does not give the detail to the board that was the one bit. The second reason why our proposal was different to the board was the strategic value of this route for SAA especially in growing its network to South America. And we spoke about that to say if you look at – we always spoke about the fact that in terms of our geographical location as in South Africa for anybody coming out of most of the destinations in Asia it is probably quicker for them to go via Europe to go via other places before they get I mean to their final destination. But where we had the real strategic advantage was to be able to move people from in this case India to South America

20 because it was the quickest way or the quickest route so it was a strategic advantage I mean for SAA. Another element that we highlighted when we put forward a recommendation not to close the route was that there was one thing that had also been missed in the recommendation which is the Indian carrier or any Indian carrier coming to South Africa would not only benefit from taking over passengers,

flying between Johannesburg and Mumbai but very specifically because they had the ability or they had been awarded what we call fifth freedom traffic rights they would have been able to also pick up passengers from South Africa and take them to South America. Which then our recommendation was that you cannot make a recommendation in isolation of the impact that would have on other routes as well. And if you look at all of that in totality it actually did not make sense at all to actually be putting a recommendation to terminate the route.

CHAIRPERSON: In terms of – does what you say suggest that in terms
 10 of their recommendation for the cancellation of the Mumbai route when they talked about numbers of passengers did they talk about passengers that come from South Africa and go to Mumbai and from Mumbai and come back, is that the revenue emanating from those passengers that they talked about and neglected revenue that SAA got by way of passengers who may have come from other centres but in the other places – but in the process to reach their destinations had to in part use SAA to Mumbai? Is that...

MS SIZAKELE PETUNIA MZIMELA: No abs – you are correct. You are correct Chair.

20 **CHAIRPERSON**: That is the correct thing.

MS SIZAKELE PETUNIA MZIMELA: That is the correct Chair.

CHAIRPERSON: But how could they leave that out insofar as they would seek to say how much revenue does this route give SAA? Or is that part – that is part of what your problem was?

MS SIZAKELE PETUNIA MZIMELA: That is precisely what I had a

problem with or I and the team had a problem with.

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: That if you read the document they talk about the importance of those but then they do not include it.

CHAIRPERSON: They do not factor the revenue.

MS SIZAKELE PETUNIA MZIMELA: Yes.

CHAIRPERSON: The part that those passengers bring when they say this is the revenue that the route generates.

MS SIZAKELE PETUNIA MZIMELA: That is correct Chair.

10 **CHAIRPERSON**: Yes. Okay. And you say it did not make sense to leave that out?

MS SIZAKELE PETUNIA MZIMELA: That is correct Chair.

CHAIRPERSON: Okay thank you.

ADV VERUSCHKA SEPTEMBER: Thank you. So through the discussion or through the submission...

CHAIRPERSON: Or maybe let me just – maybe let us round this aspect of – when the revenue that SAA would get through the passengers that they – whose revenue they left out when that revenue was taken into account together with the revenue that they took into account how much
20 difference did it make in terms of your teams investigation?

MS SIZAKELE PETUNIA MZIMELA: It made – Chair through – it made a significant difference because the connecting traffic was quite significant.

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: As also articulated by them in their

document to say

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: It is significant.

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: Connecting traffic.

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: And also the cargo revenue was substantial. It did not mean that by adding all of those the route suddenly became profitable.

10 **CHAIRPERSON:** Yes.

MS SIZAKELE PETUNIA MZIMELA: But it definitely demished.

CHAIRPERSON: YEs.

MS SIZAKELE PETUNIA MZIMELA: What would be deemed to be the loss on that route?

CHAIRPERSON: Particularly when you have to compare it with other loss making routes I would imagine.

MS SIZAKELE PETUNIA MZIMELA: That is correct Chair.

CHAIRPERSON: Yes okay thank you. Ms September.

20 **ADV VERUSCHKA SEPTEMBER:** And so it is then your evidence if I understand it correctly that the Mumbai route was not the worst performing route to SAA at the time?

MS SIZAKELE PETUNIA MZIMELA: That is correct Chair.

ADV VERUSCHKA SEPTEMBER: Did it then make any sense to you as to why this particular was being identified?

MS SIZAKELE PETUNIA MZIMELA: No it did not.

ADV VERUSCHKA SEPTEMBER: Rev...

CHAIRPERSON: Did – I am sorry. Insofar as the passengers from other places - that we talked about a few minutes ago – apart from the failure to take into account the revenue coming from them is there something else that the team who prepared that recommendation appeared not to have taken into account or that you and your team thought should have been taken into account.

I think you mentioned at some stage strategic importance of – I do not know whether those passengers or the connection.

10 **MS SIZAKELE PETUNIA MZIMELA:** Yes. So that is correct Chair because we viewed it as a very strategic route for us in feeding into South America which we wanted to actually grow as part of the network ...

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: And as already indicated in addition what they had not taken into consideration was that because Indian carriers – well for some strange reason do have the ability to pick up traffic. So it is unusual for - and – but it is unusual for a carrier to have the ability to pick up revenue passengers from a foreign
20 country to another foreign country.

Normally what happens – not – it is – so basic – when I say it is unusual it does not mean that it is not – it is one of the freedoms of the air.

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: So – but it is highly unusual ...

CHAIRPERSON: Hm.

MS SIZAKELE PETUNIA MZIMELA: To find that country to country there has been approval for freedom traffic rights.

CHAIRPERSON: Hm.

MS SIZAKELE PETUNIA MZIMELA: They exist as part of the Chicago Convention - everything else – but ordinarily when you do that first of all it is reciprocal because you think as a country there is probably value as well for your own carriers to benefit from picking up passengers from a foreign country to another foreign country and we do
10 not have many destinations as far as I know or as far as I knew at that point in time where – who had been provided with the ability to exercise that right and we felt quite strongly that they had not taken that into consideration nor highlighted it to the Board to say you may be thinking that we are terminating or we are talking about a Johannesburg/Mumbai Route but whatever you do in terms of providing another or an Indian carrier into South Africa – into South Africa is that there was a very good possibility that the next step which – what I would have done or would be to then say because we have that – we have this freedom traffic rights awarded to us as Indian carriers I am also now going to
20 provide a service where I pick revenue paying South Africans from South Africa in competition with SAA further to South America.

CHAIRPERSON: Yes.

ADV VERUSCHKA SEPTEMBER: Ms Mzimela is it correct that a Code Sharing Agreement is – was the basis for collaboration between SAA and Jet Airways?

MS SIZAKELE PETUNIA MZIMELA: That is correct Chair.

ADV VERUSCHKA SEPTEMBER: Now please help us to understand exactly what a Code Sharing Agreement is.

MS SIZAKELE PETUNIA MZIMELA: Hm.

ADV VERUSCHKA SEPTEMBER: Is it correct first that it is common though to the industry?

MS SIZAKELE PETUNIA MZIMELA: Code Sharing Agreements Chair are very, very common. In fact especially for network carriers it is something that you are continuously trying to put into place with – with
10 other partners. So is it a partnership but they take various forms. They ...

ADV VERUSCHKA SEPTEMBER: To – sorry – to explain those forms can I take you to page 12 and perhaps through practical examples we can understand what a Code Sharing Arrangement is.

MS SIZAKELE PETUNIA MZIMELA: Okay. So they can take - Code Sharing Partnerships can take various forms. They can take the form – maybe just to explain – what we call a trunk route which the main route. Let us say it is the route between Johannesburg and Frankfurt.

CHAIRPERSON: You call it a chunk route?

20 **MS SIZAKELE PETUNIA MZIMELA:** Trunk.

CHAIRPERSON: Oh, okay.

MS SIZAKELE PETUNIA MZIMELA: Which is like the main route.

CHAIRPERSON: Ja, okay.

MS SIZAKELE PETUNIA MZIMELA: So they either take the form that there are two carriers that are flying on that route and they decide to

Code Share on each other which basically means when a passenger goes into the system they see seats under the SA Code but you find the – the actual carrier that is flying that route would probably be a different carrier - let us say - Lufthansa in that instance but both carriers are flying on that route and they decide to partner up and offer a Code Share.

There is also – I mean – Code Shares where it is only one person who is flying on the trunk route. It does not – the other partner does not fly on that route but they agree to then say let us Code Share
10 so that at least I have my Code showing as well on that route and I make the example that if you look at Johannesburg/Dubai Route today SAA flies or SAA will show in the system that they fly Johannesburg/Dubai but they do not effectively.

They are using the Emirates Metal or aircraft to fly between – but they have seats allocated as a result of the Code Share. Then ...

CHAIRPERSON: Would – would it also include a situation where SAA does fly to a particular destination but if on a particular day it realises that there are too few passengers but the – the other airline has got – does not have enough but has more. Then they could move them to the
20 other airline so that SAA does not have to fly and does not have to incur expenses when they only have too few passengers. Would it include something like that or not really?

MS SIZAKELE PETUNIA MZIMELA: As part of the Code Share Agreement it would not be geared to actually accommodate ...

CHAIRPERSON: To (intervenes).

MS SIZAKELE PETUNIA MZIMELA: That type of issue.

CHAIRPERSON: Okay.

MS SIZAKELE PETUNIA MZIMELA: However from an operational – the day to day operational perspective it is one of the things that you could do.

CHAIRPERSON: Okay.

MS SIZAKELE PETUNIA MZIMELA: So let us say for example suddenly you experience a technical ...

CHAIRPERSON: Hm.

10 **MS SIZAKELE PETUNIA MZIMELA:** And you already have an existing Code Share Arrangement with a partner on that same route.

CHAIRPERSON: Hm.

MS SIZAKELE PETUNIA MZIMELA: You could actually move all your passengers to that.

CHAIRPERSON: Oh.

MS SIZAKELE PETUNIA MZIMELA: Practically.

CHAIRPERSON: I think I was wondering because I think I have had situations where I think I am on SAA and then the next thing I am on another – I am put into another aircraft that does not belong to SAA but
20 maybe it is that kind of situation.

MS SIZAKELE PETUNIA MZIMELA: That would be in the situation Chair where there is a Code Share Arrangement in place because on the system you as a passenger unless you are familiar with aircraft systems and so forth would not be able to tell ...

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: Whether this is going to be on an SAA ...

CHAIRPERSON: Hm.

MS SIZAKELE PETUNIA MZIMELA: Aircraft or is going to be on a Lufthansa (intervenes).

CHAIRPERSON: Okay, okay.

ADV VERUSCHKA SEPTEMBER: Maybe – maybe ...

MS SIZAKELE PETUNIA MZIMELA: But – but ...

ADV VERUSCHKA SEPTEMBER: *Ja*.

10 **MS SIZAKELE PETUNIA MZIMELA:** *Ja*.

ADV VERUSCHKA SEPTEMBER: Maybe just to explain those two before we get to the third by way of examples. The diagram on page 12 has a trunk route between Frankfurt and Johannesburg.

MS SIZAKELE PETUNIA MZIMELA: Yes.

ADV VERUSCHKA SEPTEMBER: On the left hand side there are connecting destinations one being Amsterdam, Brussels and Zurich. On the right hand side the connection destinations from Johannesburg would be Durban, Port Elizabeth and Cape Town. SAA and Lufthansa are identified here as the two airlines travelling the trunk route.

20 In the first example that you have given as an example – common example of Code Share – you mention that there are two airlines that both fly the trunk route ...

MS SIZAKELE PETUNIA MZIMELA: Hm.

ADV VERUSCHKA SEPTEMBER: And then the benefit to passengers would – would mean what exactly in that instance?

MS SIZAKELE PETUNIA MZIMELA: Well the benefit to – to passengers if it is only on the trunk route is that you have a wider choice. So if I am flying at 10 o' clock I have a Code Share with somebody who flies at 12 o' clock. It provides a passenger with a wider choice in terms of timing – the flexibility of timing but which is the third one I was going to get to ...

ADV VERUSCHKA SEPTEMBER: Okay.

MS SIZAKELE PETUNIA MZIMELA: Which actually works for both the two that I have already described which is the behind and beyond Code
10 Shares which is where the real benefit of the Code Share especially for carriers that are already partnering up on – on a trunk route are the additional points that you get out of your – they get out of your home town or your home base and the additional points that you get out of their home base or hub in order to be able to connect your passengers seamlessly.

So in this example that I actually provided I was actually demonstrating that you would have – if we have a Code Share for example between SAA and Lufthansa the real benefit - even though you are sharing on the trunk route – the real benefit for SAA are those
20 beyond points such as Zurich, Brussels and so forth because SAA now has the ability to be able to sell a flight or to sell Brussels as a destination but it does not necessarily fly itself all the way to Brussels.

On one leg you could be flying to SAA you connect still on your SAA code to your final destination because there is a partnership that exists and when you do that it is normally reciprocal because as

you give they also need to get so that it works for both parties. It would ...

CHAIRPERSON: And if we ...

ADV VERUSCHKA SEPTEMBER: And ...

CHAIRPERSON: I am sorry. If we look at the diagram at page 12 in regard to what you are saying the trunk – would the trunk route be the route between France and Johannesburg? Is it France that FRA?

MS SIZAKELE PETUNIA MZIMELA: Yes.

CHAIRPERSON: Hm?

10 **MS SIZAKELE PETUNIA MZIMELA:** Is it Frankfurt and Johannesburg.

CHAIRPERSON: Frankfurt?

MS SIZAKELE PETUNIA MZIMELA: Yes.

CHAIRPERSON: Okay, Frankfurt.

MS SIZAKELE PETUNIA MZIMELA: *Ja*.

CHAIRPERSON: You know – *ja* so that is Frankfurt and Johannesburg?

MS SIZAKELE PETUNIA MZIMELA: That is correct Chair.

CHAIRPERSON: Would that be the trunk route?

MS SIZAKELE PETUNIA MZIMELA: That is correct Chair.

CHAIRPERSON: Yes not beyond?

20 **MS SIZAKELE PETUNIA MZIMELA:** Yes.

CHAIRPERSON: Okay. Now you both in your affidavit and in your evidence now you have talked about there is something and beyond?

MS SIZAKELE PETUNIA MZIMELA: Yes.

CHAIRPERSON: Just give me that term again?

MS SIZAKELE PETUNIA MZIMELA: Behind and beyond.

CHAIRPERSON: Behind and beyond *ja*.

MS SIZAKELE PETUNIA MZIMELA: Yes.

CHAIRPERSON: Okay. What does that talk about? In this – in the example of this diagram at page 12 is the behind and the beyond talking about Brussels, Amsterdam and Zurich?

MS SIZAKELE PETUNIA MZIMELA: That is correct Chair.

CHAIRPERSON: As well as Durban, Port Elizabeth and Cape Town when you come to South Africa?

MS SIZAKELE PETUNIA MZIMELA: That is correct Chair.

10 **CHAIRPERSON:** Oh that – that is what it refers to?

MS SIZAKELE PETUNIA MZIMELA: That is correct.

CHAIRPERSON: Now you have said that there is a certain benefit and I got the impression that it is quite an important benefit this behind and beyond. So just explain what – what is the – this benefit for the carrier and for the – for the passengers?

MS SIZAKELE PETUNIA MZIMELA: So the benefit for the carrier is that in the system for passengers firstly passengers would be looking to fly – they want to buy one ticket ...

CHAIRPERSON: Yes.

20 **MS SIZAKELE PETUNIA MZIMELA:** And one ticket is one carrier not to find themselves having to buy one ticket ...

CHAIRPERSON: Oh.

MS SIZAKELE PETUNIA MZIMELA: With SAA and having to buy another ticket with somebody else ...

CHAIRPERSON: Yes, yes.

MS SIZAKELE PETUNIA MZIMELA: And if anyone has the ability to fly
– fly them directly ...

CHAIRPERSON: Hm.

MS SIZAKELE PETUNIA MZIMELA: To the ultimate ...

CHAIRPERSON: Ultimate.

MS SIZAKELE PETUNIA MZIMELA: Destination ...

CHAIRPERSON: Hm.

MS SIZAKELE PETUNIA MZIMELA: They are the ones who would
actually be picked first.

10 **CHAIRPERSON:** *Ja*, yes.

MS SIZAKELE PETUNIA MZIMELA: Yes. So therefore the real value
for an entity such as SAA to have a Code Share which takes beyond
people beyond this is ...

CHAIRPERSON: Hm.

MS SIZAKELE PETUNIA MZIMELA: That now the passenger can buy
one ticket ...

CHAIRPERSON: Hm.

MS SIZAKELE PETUNIA MZIMELA: And is it on SAA ...

CHAIRPERSON: Hm.

20 **MS SIZAKELE PETUNIA MZIMELA:** And it shows the SAA Code all the
way to – you know - to say Brussels or to Zurich ...

CHAIRPERSON: Hm.

MS SIZAKELE PETUNIA MZIMELA: But it does not necessarily mean
that SAA is flying on its own metal ...

CHAIRPERSON: Hm.

MS SIZAKELE PETUNIA MZIMELA: All the way to Zurich ...

CHAIRPERSON: Hm.

MS SIZAKELE PETUNIA MZIMELA: But the passenger can buy one ticket ...

CHAIRPERSON: Hm.

MS SIZAKELE PETUNIA MZIMELA: And it is seamless in terms of connections because key to the Code Share Agreements is that you choose your partners on the basis of them being able to connect your passengers out of your destination hub as quickly as possible.

10 **CHAIRPERSON:** Hm.

MS SIZAKELE PETUNIA MZIMELA: So if I am a passenger even though I land in Frankfurt if you do not have a Code Share that is in place where the partner already has a flight that leaves within say two/three hours there is no real benefit. So the timing of those connections becomes an important factor ...

CHAIRPERSON: Hm.

MS SIZAKELE PETUNIA MZIMELA: In choosing a Code Share ...

CHAIRPERSON: Hm.

20 **MS SIZAKELE PETUNIA MZIMELA:** Because in the absence of that I might as well as a passenger buy two tickets ...

CHAIRPERSON: Hm.

MS SIZAKELE PETUNIA MZIMELA: If I have to fly to Frankfurt and wait for a day before I connect ...

CHAIRPERSON: Hm.

MS SIZAKELE PETUNIA MZIMELA: On another carrier to Brussels.

CHAIRPERSON: But the benefit has got nothing to do with whether for example in this example at page 12 ...

MS SIZAKELE PETUNIA MZIMELA: Yes.

CHAIRPERSON: If I am coming from Johannesburg – it has got nothing to do with whether in Frankfurt I will get out of the one plane and then take another one to Brussels. It has got nothing to do with that. All it has is simply that I should be able to proceed the same day or something like that?

MS SIZAKELE PETUNIA MZIMELA: That is correct Chair.

10 **CHAIRPERSON:** Yes.

MS SIZAKELE PETUNIA MZIMELA: You are able to proceed as – as quick as possible.

CHAIRPERSON: As quick as possible.

MS SIZAKELE PETUNIA MZIMELA: As quick as possible yes.

CHAIRPERSON: But it is not a particular benefit that you will not have to connect. You may still have to connect?

MS SIZAKELE PETUNIA MZIMELA: You do – definitely Chair – you do still need to connect.

CHAIRPERSON: Yes.

20 **MS SIZAKELE PETUNIA MZIMELA:** You would know when you land in any foreign country ...

CHAIRPERSON: *Ja.*

MS SIZAKELE PETUNIA MZIMELA: You still need to go through ...

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: Immigration ...

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: But – yes.

CHAIRPERSON: Ja.

MS SIZAKELE PETUNIA MZIMELA: So the benefit would be that you are connecting but you are connecting as quickly as possible. Secondly you are only buying one ticket ...

CHAIRPERSON: Ja.

MS SIZAKELE PETUNIA MZIMELA: On SAA.

CHAIRPERSON: Yes.

10 **MS SIZAKELE PETUNIA MZIMELA:** Even though even the second ...

CHAIRPERSON: Oh, okay.

MS SIZAKELE PETUNIA MZIMELA: The second portion is not SAA.

CHAIRPERSON: Okay.

MS SIZAKELE PETUNIA MZIMELA: So it is one ticket.

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: Yes.

CHAIRPERSON: But the Code Sharing Arrangements are they only possible where on an international level not when you move around domestically?

20 **MS SIZAKELE PETUNIA MZIMELA:** Code Shares are not very common on – on domestic but it is not as if they are only on international ...

CHAIRPERSON: Yes, okay.

MS SIZAKELE PETUNIA MZIMELA: Because they are mostly driven by trying to improve a network – especially for network carriers they have typically been on the international routes, yes.

CHAIRPERSON: Okay. No thank you. So – but in this example at page 12 it would not be anything like somebody could fly from Johannesburg straight to Brussels. You would still have to go to Frankfurt and – first before proceeding to Brussels?

MS SIZAKELE PETUNIA MZIMELA: That is correct Chair.

CHAIRPERSON: Okay thank you.

ADV VERUSCHKA SEPTEMBER: Thank you Chair. So in context SAA had a flight from Johannesburg go Mumbai. Is that right?

MS SIZAKELE PETUNIA MZIMELA: That is correct.

10 **ADV VERUSCHKA SEPTEMBER:** And Jet Airways was wanting to come on board – excuse the pun – to conclude a Code – cannot believe this word has just ...

MS SIZAKELE PETUNIA MZIMELA: Code Share.

ADV VERUSCHKA SEPTEMBER: Code Share Agreement with SAA in that regard. Having explained the common types of Code Share what exactly did Jet Airways require of SAA in order to conclude that Code Share?

MS SIZAKELE PETUNIA MZIMELA: So just to step back there. There is absolutely nothing wrong with Code Shares and you can implement
20 Code Shares with two carriers being on the same route. The difference here is that Jet Airways does not say I would like to Code Share with you. You are already on the route. Let us work together to try and improve the performance of the route by us Code Sharing on each other on the trunk and having beyond points. It does not say that.

Jet Airways comes with a proposal that says SAA you

terminate your operation – you terminate your physical operation between Johannesburg and Mumbai and you Code Share on us – put your passengers on us but you stop flying Johannesburg/Mumbai.

CHAIRPERSON: And I guess part of what is strange is how can somebody else come and make that demand to somebody else who is running their own business say get out I want to get in because did not – did it not amount to that?

MS SIZAKELE PETUNIA MZIMELA: Quite simply it amounted to that Chair.

10 **CHAIRPERSON:** Yes.

MS SIZAKELE PETUNIA MZIMELA: They said get off. We are coming onto the route.

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: But you then Code Share on us.

CHAIRPERSON: Yes and as far as you know and maybe you will – you are still going to deal with this later and you can say if you are going to deal with it later. If the – if the route was making such losses that it was just – it would be justified for SAA to close it or to stop running it why would it be fine for them to – to run it or they – maybe they thought
20 they could – they knew something that SAA did not know and they were going to do a better business.

Is that something that emerged in the discussions at any rare - at any stage or not really?

MS SIZAKELE PETUNIA MZIMELA: Not really Chair but you actually raised an important point. They possibly – I am not saying this is it –

they possibly would have been of the view that they had a better product ...

CHAIRPERSON: Hm.

MS SIZAKELE PETUNIA MZIMELA: Than SAA.

CHAIRPERSON: Hm.

MS SIZAKELE PETUNIA MZIMELA: The one thing that did come up ...

CHAIRPERSON: Hm.

MS SIZAKELE PETUNIA MZIMELA: As part of the discussions is that I think SAA at that point was operating four frequencies – and I stand to

10 be corrected.

CHAIRPERSON: Hm.

MS SIZAKELE PETUNIA MZIMELA: Only four frequencies a week between Johannesburg and Mumbai ...

CHAIRPERSON: Hm.

MS SIZAKELE PETUNIA MZIMELA: And they were saying they have the ability to be able to operate a daily service ...

CHAIRPERSON: Hm.

MS SIZAKELE PETUNIA MZIMELA: Because they have got the aircraft to be doing ...

20 **CHAIRPERSON:** Hm.

MS SIZAKELE PETUNIA MZIMELA: To be able to do that.

CHAIRPERSON: A daily service?

MS SIZAKELE PETUNIA MZIMELA: A daily service.

CHAIRPERSON: You were running how many ...?

MS SIZAKELE PETUNIA MZIMELA: Four flights per week ...

CHAIRPERSON: Four flights a week.

MS SIZAKELE PETUNIA MZIMELA: And they were saying they had the ability to offer seven frequencies per week.

CHAIRPERSON: Is that not strange if you say this route is making a loss for somebody who - who uses it four times a week and then you say you will use it for seven days a week?

MS SIZAKELE PETUNIA MZIMELA: Yes Chair.

CHAIRPERSON: I guess you might not be. Okay, alright. Okay, thank you.

10 **ADV VERUSCHKA SEPTEMBER:** What was the Board's position in relation to the recommendation made by FRIC – the FRIC Committee?

MS SIZAKELE PETUNIA MZIMELA: Is this the first recommendation or when we – as the - let us call it the new team?

ADV VERUSCHKA SEPTEMBER: Yes.

MS SIZAKELE PETUNIA MZIMELA: Ja.

ADV VERUSCHKA SEPTEMBER: Yes. In fact once the recommendation is then – then made you then take steps – as I understand it – to include the Commercial Team to take necessary steps in that regard and at some or other stage it gets presented. Is
20 that right?

MS SIZAKELE PETUNIA MZIMELA: That is correct Chair. We then present the proposal to the Board and the recommendation is not to terminate the Mumbai Route but there is acknowledgement that there is work that will need to be done to improve the profitability of the Mumbai Route much like - you know – other initiatives that were being

pursued on other routes and that – in that regard we had no problem with looking at a Code Share Arrangement that helps to benefit SAA and specifically when it – not specifically in terms of the behind and beyond – I mean – points out of Mumbai.

If we are able to do that there was recognition from the team that it would improve the profitability of Mumbai. So that was the proposal. We also had actually recommended that there be a change in the – I cannot use technical terms – in the gauge of the aircraft – the type of aircraft – in the type of aircraft that is utilised on the route
10 because the type of aircraft that he used also can make the difference between profitability and loss making.

So it was the second recommendation that had been made. Essentially we were basically saying the route should not be terminated but there is work that can – should be undertaken to improve the route and therefore in that regard we had no problem in having a discussion with Jet Airways about a possible Code Share on those behind and beyond routes.

ADV VERUSCHKA SEPTEMBER: And then on page 14 of your affidavit – of the bundle paragraph 32 you talk specifically to documents that
20 have been provided to you by the Commission's investigators.

CHAIRPERSON: Be – before that – before you made your recommendations to FRIC or the Board was it to FRIC? Your – your own team's recommendation was it presented to FRIC or to the Board or to both?

MS SIZAKELE PETUNIA MZIMELA: I stand to be corrected on that

Chair because we are actually trying to find the actual documents without much success ...

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: But I suspect that because it had already been elevated to the Board ...

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: It went directly to the Board in this respect.

CHAIRPERSON: Oh, okay.

10 **MS SIZAKELE PETUNIA MZIMELA:** *Ja.*

CHAIRPERSON: Be – before that stage where it was presented to the Board did you or your team get a chance to engage with those who had written the other recommendation for the – the recommendation for the cancellation to engage them on their reasons and why they had left out things that appear to be important to your team and hear what answers they had for your questions or arguments?

MS SIZAKELE PETUNIA MZIMELA: Indeed Chair we did get an opportunity to do so because post my appointment Mr Chris Smyth fell back to his original position which was GM of Operations. So he was
20 still in the system and Mr Jan Blake remained in the system only for a short while before we restructured the area but he was there for a few months – you know – as well at the ...

CHAIRPERSON: And he was the compiler of that memorandum recommending cancellation?

MS SIZAKELE PETUNIA MZIMELA: That is correct Chair.

CHAIRPERSON: Yes, okay.

MS SIZAKELE PETUNIA MZIMELA: *Ja.* So we did actually get an opportunity to engage with both individuals on – on this. I think Mr Jan Blake and you can – I can tell at least – in terms of the quality of the document is a person – if he is the one I mean who compiled it – that he ensured that from his side he – the document contains everything that it needs to contain expect for being specific and so that is the one.

CHAIRPERSON: Yes.

10 **MS SIZAKELE PETUNIA MZIMELA:** So that was his issue to say – well he was asked to actually compile the document and he ensured that he highlights the issues about the route being a strategic route ...

CHAIRPERSON: Hm.

MS SIZAKELE PETUNIA MZIMELA: Having significant – connecting traffic and so forth but it seems like there was a decision that was already made or being made somewhere.

CHAIRPERSON: Hm.

MS SIZAKELE PETUNIA MZIMELA: Yes but when there was a counter – I mean – proposal none of the two gentlemen argued against what
20 was then subsequently put forward to say but on the basis of the following ...

CHAIRPERSON: Hm.

MS SIZAKELE PETUNIA MZIMELA: This is what it now looks like versus what you ...

CHAIRPERSON: Hm.

MS SIZAKELE PETUNIA MZIMELA: Actually presented ...

CHAIRPERSON: Hm.

MS SIZAKELE PETUNIA MZIMELA: To FRIC.

CHAIRPERSON: Hm; does that mean that once they were apprised of what your team was saying in terms of this recommendation and – and of the recommendation that your team wanted to make to the Board and the reasons why you wanted to make that – that recommendation they did not have any – any argument against your recommendation. Is that – is that what it means?

- 10 **MS SIZAKELE PETUNIA MZIMELA:** That – that is what it is – I mean – Chair and just to be clear they obviously also formed part of my team.

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: The difference ...

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: Is that I had actually allocated it ...

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: To the department that should have been responsible ...

- 20 **CHAIRPERSON:** Yes.

MS SIZAKELE PETUNIA MZIMELA: For undertaking this analysis which is the

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: Commercial Department ...

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: Who worked very closely with the Asia Team that was based ...

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: And looked after the Mumbai Route as well.

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: Hm.

CHAIRPERSON: So they were part of your team that came up with the recommendation?

10 **MS SIZAKELE PETUNIA MZIMELA:** Indeed.

CHAIRPERSON: Okay. So ultimately in effect ...

MS SIZAKELE PETUNIA MZIMELA: Hm.

CHAIRPERSON: They – they were persuaded that the recommendation for the cancellation of the Mumbai Route was not the correct recommendation and they went along with the latest recommendation to say do not cancel but there is work to be done towards achieving a Code Sharing with Jet Airways?

MS SIZAKELE PETUNIA MZIMELA: I will place it differently.

CHAIRPERSON: Yes.

20 **MS SIZAKELE PETUNIA MZIMELA:** I mean - Chair and say they could not argue against the recommendation ...

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: Because the – the final recommendation raised and addressed issues that they had not raised ...

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: And therefore they would have to be – there was acceptance from their part ...

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: And that was the case and that was a true reflection ...

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: Or a true status ...

CHAIRPERSON: Yes.

10 **MS SIZAKELE PETUNIA MZIMELA:** Of the route at that point in time.

CHAIRPERSON: Yes, okay. Okay, alright but they – they never withdrew their recommendation formally?

MS SIZAKELE PETUNIA MZIMELA: No Chair.

CHAIRPERSON: The earlier document because I see the risk – the FRIC what the Chairperson wrote in the document that we looked at earlier did not seem to take a decision but simply said we have raised concerns. The issue must be looked at. So – so in other words it may well be that technically that recommendation would still be before FRIC or the Board now together with the new recommendation and the Board
20 would have to look at both?

MS SIZAKELE PETUNIA MZIMELA: Hm.

CHAIRPERSON: Was that your understanding or was your understanding that the latest recommendation took the place of the earlier one?

MS SIZAKELE PETUNIA MZIMELA: The latest recommendation took

the place of the earlier one but making reference ...

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: To the previous one.

CHAIRPERSON: Okay.

MS SIZAKELE PETUNIA MZIMELA: To say this is what had been presented to FRIC ...

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: But this is what was actually missing.

10 **CHAIRPERSON:** Yes.

MS SIZAKELE PETUNIA MZIMELA: This is what has been considered in the new ...

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: Proposal ...

CHAIRPERSON: *Ja*.

ADV VERUSCHKA SEPTEMBER:

MS SIZAKELE PETUNIA MZIMELA: And hence the recommendation is ...

CHAIRPERSON: Is ...

20 **MS SIZAKELE PETUNIA MZIMELA:** Different.

CHAIRPERSON: *Ja*.

MS SIZAKELE PETUNIA MZIMELA: From the one that had been previously tabled.

CHAIRPERSON: Yes. No thank you.

ADV VERUSCHKA SEPTEMBER: Thank you. Ms Mzimela is it correct

that Ms Cheryl Carolus was the Chairperson of the Board at the time?

MS SIZAKELE PETUNIA MZIMELA: That is correct Chair.

ADV VERUSCHKA SEPTEMBER: And are you aware of any exchange of communication between the Ministry who was Minister Barbra Hogan at the time with the Chairperson of the Board?

MS SIZAKELE PETUNIA MZIMELA: Yes I am aware.

CHAIRPERSON: Is that on the issue of the Mumbai Route?

ADV VERUSCHKA SEPTEMBER: Yes Chair.

CHAIRPERSON: Hm, okay.

10 **ADV VERUSCHKA SEPTEMBER:** Can I ask you to turn to page 94 please? Who is Mr Naresh Goyal?

MS SIZAKELE PETUNIA MZIMELA: Mr Naresh Goyal – I think Executive Chair or CEO or Executive Chair and CEO of Jet Airways.

CHAIRPERSON: Ms September I just want to make sure that we are on the same page. When we come to this – to page 94 is it when the Board had made a decision on the recommendation or not yet? If – if it is after I would like us to finalise that and know what the Board's decision was.

ADV VERUSCHKA SEPTEMBER: Okay Chair.

20 **CHAIRPERSON:** Is it before?

ADV VERUSCHKA SEPTEMBER: Let me ask it through the witness.

CHAIRPERSON: Okay.

ADV VERUSCHKA SEPTEMBER: At the date of 1 September 2010 which is the date of this particular letter are you aware as to whether or not the Board had been at this time taken a decision in not adopting the

closure or the Mumbai Route?

MS SIZAKELE PETUNIA MZIMELA: I'm not in a position to confirm the exact date.

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: As to when that decision was made but just recalling that I started in April and it was one of the first things that the Board asked me to review because they were under such pressure to make a decision. I think I can comfortably confirm that at this stage the Board had already made the call that they were
10 not terminating the route.

CHAIRPERSON: And the Board's decision was that – was to approve your – the recommendation of your team?

MS SIZAKELE PETUNIA MZIMELA: That's correct Chair.

CHAIRPERSON: Yes okay, thank you.

ADV VERUSCHKA SEPTEMBER: And so on page 94 appears a letter from the then Minister of Public Enterprises, which appears although faintly marked dated 1 September 2010 and its addressed to Ms C A Carolus, being the Chairperson of South African Airways and the subject title is meeting with Mr Naresh Goyell, Jet Airways on 31
20 October August 2010. You are aware of this letter, is that right?

MS SIZAKELE PETUNIA MZIMELA: Yes.

ADV VERUSCHKA SEPTEMBER: Can you please just explain to the Chair what the very nature of this letter was?

MS SIZAKELE PETUNIA MZIMELA: My understanding of this correspondence from the then Minister addressed to the Chairperson is

a request for information in terms of trying to get a better understanding as to the relationship that exist between South African Airways and Jet Airways and this is of – as a result of the Minister being approached by Mr Naresh Goyell with regard to the Johannesburg Mumbai Route.

ADV VERUSCHKA SEPTEMBER: And at the second bullet point on this letter in follow up to the last sentence of the first paragraph which reads:

10 “I have adhered to your request and would appreciate your urgent reply in relations to the following...”

Second bullet point

 “In what way my meeting with Mr Naresh Goyell would impact such matters.”

The second last bullet point queries about what the existing relationship between Jet Airways and SAA? And the last one in what way does SAA expect the relationship between Jet Airways and SAA to develop in future. Does the contents of this email suggest or confirm that this was particular to the Mumbai route?

MS SIZAKELE PETUNIA MZIMELA: Indeed Chair.

20 **ADV VERUSCHKA SEPTEMBER:** Do you know whether or not there was a response that was sent to Minister Barbra Hogan?

MS SIZAKELE PETUNIA MZIMELA: I believe there would have been a response.

ADV VERUSCHKA SEPTEMBER: And then can I take you to page 96.

MS SIZAKELE PETUNIA MZIMELA: Yes.

ADV VERUSCHKA SEPTEMBER: Chair despite several numerous efforts to get better copies of this document we have unfortunately not been successful in doing so.

CHAIRPERSON: Well the letter from Mr Barbra Hogan to Ms Carolus was it not dealt with when those two witnesses gave evidence? Both of them have given evidence amongst others on the Mumbai route.

ADV VERUSCHKA SEPTEMBER: Certainly the contents of evidence that have been given talks – the contents of the evidence that was given talks to the Mumbai route as Ms Barbra Hogan was approached
10 on it.

CHAIRPERSON: Yes, the next one that you want to go to is addressed to Ms Barbra Hogan by who, by Ms Carolus.

ADV VERUSCHKA SEPTEMBER: Yes Chair.

CHAIRPERSON: So I'm wondering whether there's particular significance that you want this witness, who is not the author and the not the addressee, whether there is something significant you want her to talk about in it?

ADV VERUSCHKA SEPTEMBER: Through you Chair. Ms Mzimela are you aware of the reply that was sent by Ms Carolus to Minister Barbra
20 Hogan?

MS SIZAKELE PETUNIA MZIMELA: Yes I am.

ADV VERUSCHKA SEPTEMBER: And in – bearing in mind that we have such a really faint copy of the letter itself can you give clarity to what your recollection is of the communication that was sent by Ms Carolus to Ms Barbra Hogan?

CHAIRPERSON: Did you at any stage at that time see it, the letter?

MS SIZAKELE PETUNIA MZIMELA: Chair I would have, in looking at the letter and the way in which it's actually written I can confirm that the bulk of the information that Ms Carolus has actually used in her response to the Minister is actually part of the information that we presented to the Board as motivation.

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: Of why we should keep the route.

CHAIRPERSON: Okay.

- 10 **MS SIZAKELE PETUNIA MZIMELA:** Because her response relates to why we believe it is important for us to stay on Johannesburg Mumbai but it also talks to the – not the decision but the initiatives that management are happy to pursue with Jet Airways in terms of putting together a co-chair arrangement that is mutually beneficial to both parties.

- CHAIRPERSON:** Do you have any recollection whether before responding to this letter from Minister Barbra Hogan Ms Carolus as Chairperson of the Board may have discussed with you the letter from Ms Barbra Hogan as Minister and that in formulating the response she
20 might not just have relied on what was placed before the Board but she might have relied on her direct communication with you.

MS SIZAKELE PETUNIA MZIMELA: So Chair my testimony I make the point that Ms Carolus was actually very good in sharing information with both management and the Board, so when the letter had – or communication had come through from Minister Hogan it's information

that she would have shared at the Board and it's information that she would have actually shared with me as well, which is why as I indicate that it is not surprising that the bulk of her response is basically based on what was submitted by management to the Board.

CHAIRPERSON: What you had said to her, okay, thank you.

ADV VERUSCHKA SEPTEMBER: Chair I am being informed that for the sake of accuracy Ms Carolus didn't talk about the specific correspondence exchanged but certainly spoke to the communications as such.

10 **CHAIRPERSON:** Yes okay.

ADV VERUSCHKA SEPTEMBER: Ms Mzimela those two communications being the exchange between Ms Carolus and Minister Barbra Hogan is that not a typical example of the proper protocols if engagement within SAA?

MS SIZAKELE PETUNIA MZIMELA: My response to that would be yes, because Ms Carolus letter or response is not very clear, but I believe that part of the response, and I wish it was clear to one could confirm that, that part of her response would have been firstly as I indicated to update the Minister in terms of where we are, but
20 emphasizing once again that the Minister should allow Jet Airways to speak directly with the organisation.

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: And that it was not right for Mr Naresh to be trying to go via the Minister to discuss issues pertaining to SAA.

CHAIRPERSON: Mmm, okay.

ADV VERUSCHKA SEPTEMBER: At page 16 paragraph 38, when you considered the letter you were informed that Ms Carolus informed the Minister that S A management including yourself had met Mr Naresh Goyell to discuss how the two entities can reach a mutually beneficial arrangement. Do you have any comment to that?

MS SIZAKELE PETUNIA MZIMELA: My only comment which is contained in my testimony is that I can confirm that the executives were already meeting with Jet Airways, the only thing that I was highlighting
10 is that it may be correct to say I met with Mr Goyell prior to subsequent meetings that we had at the Ministry. I knew the gentlemen, professionally, but I do not recall ...(intervention)

CHAIRPERSON: You had not met him?

MS SIZAKELE PETUNIA MZIMELA: Yes, ja.

CHAIRPERSON: Mmm, mmm.

ADV VERUSCHKA SEPTEMBER: So at what meeting did you formally meet him?

MS SIZAKELE PETUNIA MZIMELA: I met Mr – so I knew professionally, because of the various aviation forums that we're both
20 attended or or were part of, but I met him formally in relation to SAA in a meeting that was held with the then Minister Gigaba.

ADV VERUSCHKA SEPTEMBER: And is it correct that that meeting is what took place on the 10th of January 2011?

MS SIZAKELE PETUNIA MZIMELA: That is correct Chair.

CHAIRPERSON: Before you get to that meeting I am going to take you

back to something that we dealt with some time back, but I need to ask you something. When you were dealing with the recommendation that had been made to Frick that the Mumbai, Johannesburg/Mumbai route be closed, you said something in relation to – you said something when you were talking about your team reviewing and looking at the whole issue, and you said maybe a decision had already been taken or something like that, is my recollection correct of what you said?

MS SIZAKELE PETUNIA MZIMELA: Even I cannot remember my exact words I mean Chair ...(intervention)

10 **CHAIRPERSON:** But something to that effect.

MS SIZAKELE PETUNIA MZIMELA: Yes, something to that effect.

CHAIRPERSON: Yes, and are you able to elaborate on why you think so and whether it was in fact so, or whether – what the indications were which made you think maybe a decision had been taken somewhere and what that decision was. I'm sorry to take you back but I think it may be important to establish that.

MS SIZAKELE PETUNIA MZIMELA: Chair I don't believe that it is actually taking me back because I probably made that comment in relation to the meeting.

20 **CHAIRPERSON:** That you are still going to deal with?

MS SIZAKELE PETUNIA MZIMELA: That is this 10th of January.

CHAIRPERSON: Oh, okay.

MS SIZAKELE PETUNIA MZIMELA: Of 2011.

CHAIRPERSON: Okay, maybe then you will talk about it more when you have dealt with a meeting, would that be more convenient?

MS SIZAKELE PETUNIA MZIMELA: No Chair I can ...(intervention)

CHAIRPERSON: You can deal with it?

MS SIZAKELE PETUNIA MZIMELA: Very specifically that at that meeting ...(intervention)

CHAIRPERSON: Ja, yes.

MS SIZAKELE PETUNIA MZIMELA: ...where Mr Rajesh Goyell was actually present when he was raising an issue as to why SAA was refusing to move off the route and in his view the decision had already been taken and when I then pushed to try and understand who at SAA
10 had agreed to move off the route his response was ...(intervention)

CHAIRPERSON: You were the CEO?

MS SIZAKELE PETUNIA MZIMELA: I was the CEO then but I was trying to understand who then had given him a comment that SAA would withdraw from the route. He mentioned the name of Chris Smythe, yes, so hence ...(intervention)

CHAIRPERSON: Okay, okay, no thank you.

ADV VERUSCHKA SEPTEMBER: Chair we need to deal with this meeting in a little bit more detail, I do note the time though, but I am – which is ...(intervention)

20 **CHAIRPERSON:** But I think we still have five minutes.

ADV VERUSCHKA SEPTEMBER: Five to, I'm happy to proceed.

CHAIRPERSON: Let's use the five minutes ja.

ADV VERUSCHKA SEPTEMBER: Ms Mzimela so you've given evidence that there was a meeting that took place on the 10th of January 2011, how did this meeting come about?

MS SIZAKELE PETUNIA MZIMELA: The request for the meeting was sent to the Chairman of the Board, Ms Cheryl Carolus, for myself and her to come to a meeting at the Department of Public Enterprises to meet with the Minister, the then Minister Malusi Gigaba, in order to provide him with an update relating to the Mumbai operation.

CHAIRPERSON: So this was at a time when Minister Barbra Hogan had left and Minister Gigaba was the Minister.

MS SIZAKELE PETUNIA MZIMELA: She has now left, that's correct.

CHAIRPERSON: Okay.

10 **MS SIZAKELE PETUNIA MZIMELA:** So the invitation came and unfortunately Ms Carolus was not able to attend the meeting, so she recommended that I attend the meeting with the then Chair of the audit committee, then, now since deceased Zakela Sithole.

ADV VERUSCHKA SEPTEMBER: Thank you, and did you do any preparation for this meeting?

MS SIZAKELE PETUNIA MZIMELA: Yes I did. So what I did was that I had actually prepared a memorandum of the issues, because they told us it was about Mumbai I had prepared a memorandum which actually highlighted what had happened to date with regard to the relationship
20 between ourselves and Jet Airways and what were the issues that we were still considering with Jet Airways and I sent that memo to the DG because that was my counterpart, but I had the opportunity as well to go through that with the then Minister prior to the meeting that we were called for.

CHAIRPERSON: If you can still remember how long before the meeting

did you send the memo to the DG? A few days, one day?

MS SIZAKELE PETUNIA MZIMELA: I don't remember Chair but it would have been very soon after getting the request.

CHAIRPERSON: Okay, okay.

MS SIZAKELE PETUNIA MZIMELA: Yes.

ADV VERUSCHKA SEPTEMBER: When you arrived at the meeting firstly where did the meeting take place?

MS SIZAKELE PETUNIA MZIMELA: The meeting took place in Pretoria at the offices of the Department of Public Enterprises.

10 **ADV VERUSCHKA SEPTEMBER:** And what happened when you arrived at the meeting?

MS SIZAKELE PETUNIA MZIMELA: We arrived at the meeting and we were told firstly told to wait because there were going to be other people who would be joining us as part of the meeting.

ADV VERUSCHKA SEPTEMBER: And who informed you of that

MS SIZAKELE PETUNIA MZIMELA: I believe it was the Minister's special advisor, Mr Mahlangu, and so that's what I mean we were actually told. It is also at this point where the Minister then asked for a pre-briefing as well, and we went through, to take him through what I
20 had actually outlined in the memorandum.

ADV VERUSCHKA SEPTEMBER: Thank you.

CHAIRPERSON: So after you had arrived and before the meeting could start the Minister asked you to take him through what the issues were and so on and so on.

MS SIZAKELE PETUNIA MZIMELA: That's correct Chair.

CHAIRPERSON: Which is what you did?

MS SIZAKELE PETUNIA MZIMELA: That's correct Chair.

CHAIRPERSON: Okay, thank you.

ADV VERUSCHKA SEPTEMBER: Did you consider in your communications with the Minister whether or not Jet Airways was a partner to be trusted?

MS SIZAKELE PETUNIA MZIMELA: I did raise concerns in the memo, so one I felt that there was value because of the network that they had out of Mumbai to partner up with them to provide us with that additional
10 link into India, but in that same memo I also highlighted that I had some concerns about the way in which Jet Airways tended to conduct themselves and very specifically that I had actually discovered as well that they owed SAA money which had not been paid, as of the date at which we were going to have this meeting and this pertains, and I don't know the exact details but there was an aircraft that had been leased to them and they had not made full payment on that, so it's one of the items that I highlighted.

CHAIRPERSON: Was your briefing to Minister Gigaba every much along the lines of the memo that contained your recommendation to the
20 Board?

MS SIZAKELE PETUNIA MZIMELA: That's correct Chair.

CHAIRPERSON: Ja, okay.

ADV VERUSCHKA SEPTEMBER: Who was all present at the time that you had the debriefing session with the Minister?

MS SIZAKELE PETUNIA MZIMELA: I cannot recall exactly who came

into the meeting, I do not know that we went into the Minister's office to provide the briefing, so Mr Sithole would have been with me at that point in time, but what I can't remember is who made up the team from the DPE side when we gave Minister that briefing.

ADV VERUSCHKA SEPTEMBER: Was the Minister's advisor there, present at the meeting?

MS SIZAKELE PETUNIA MZIMELA: The Minister's advisor was present at the meeting, but I'm saying what I cannot recall is who was present at the briefing prior to the meeting.

10 **ADV VERUSCHKA SEPTEMBER:** Thank you. You mentioned then that you were waiting for ...(intervention)

CHAIRPERSON: This might be the convenient time.

ADV VERUSCHKA SEPTEMBER: As it pleases Chair.

CHAIRPERSON: We will take the lunch adjournment and we will resume at two o'clock. We adjourn.

INQUIRY ADJOURNS

INQUIRY RESUMES

CHAIRPERSON: Are you ready?

ADV VERUSCHKA SEPTEMBER: Yes we are Chair.

20 **CHAIRPERSON:** Let us proceed.

ADV VERUSCHKA SEPTEMBER: Before the adjournment Ms Mzimela you were explaining the commission about the meeting that you attended with the then Minister Malusi Gigaba on the 10 January 2011 and in particular before the adjournment you spoke about the fact that you had debriefed the Minister in relation to the memorandum that you

had prepared on the topic of the Mumbai route, is that right?

MS SIZAKELE PETUNIA MZIMELA: That is correct Chair.

CHAIRPERSON: Yes you had the – the Minister had asked for a briefing and you gave him a briefing what I would like you to tell me is whether in response to the briefing that you gave him which you said was very much in line with the memorandum that had been sent to the board about the Mumbai route whether there were any aspects of what you had to say to him with which the Minister disagreed or appeared to disagree or not to become [indistinct] about

10 **MS SIZAKELE PETUNIA MZIMELA:** No Chair he just accepted the briefing as [indistinct].

[CHAIR SPEAKING OVER WITNESS]

CHAIRPERSON: So he – he did not express any different views to the views you – to the comments and views you expressed?

MS SIZAKELE PETUNIA MZIMELA: Indeed Chair he did not express any view whatsoever.

CHAIRPERSON: Whatsoever.

MS SIZAKELE PETUNIA MZIMELA: Except to say that let us just wait.

CHAIRPERSON: Oh either way.

20 **MS SIZAKELE PETUNIA MZIMELA:** For the meeting to start – yes.

CHAIRPERSON: Ja okay alright thank you.

ADV VERUSCHKA SEPTEMBER: And so we on page 18...

CHAIRPERSON: I am sorry, I am sorry Ms September. Did a lot of time lapse between the end of the briefing and the actual meeting with the result that if he had any issues with what you had said he could

have – there was time for him to raise those issues with regard to the briefing?

MS SIZAKELE PETUNIA MZIMELA: Indeed Chair I think that in my affidavit I actually mentioned that we waited for a very long time.

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: For the representatives of Jet Airways to arrive.

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: For the meeting.

10 **CHAIRPERSON:** Okay no that is fine. Thank you.

ADV VERUSCHKA SEPTEMBER: And on that point of waiting how long did you wait for the Jet Airways representative to arrive?

MS SIZAKELE PETUNIA MZIMELA: Again because obviously I was not watching the time accurately but it was a good over two hours in my view that we waited for them to arrive and during that period of waiting and trying to understand why we were waiting for so long we then overheard Mr Mahlangu saying he Jet Airways representatives were actually on their way flying from Cape Town to Johannesburg on their private jet.

20 **CHAIRPERSON:** And when you say you waited for about two hours would that be from the time you arrived or the time after you had finished the briefing of the Minister?

MS SIZAKELE PETUNIA MZIMELA: For me Chair...

CHAIRPERSON: Or the difference might not be much?

MS SIZAKELE PETUNIA MZIMELA: Ja. For me Chair I count the two

hours from the time at which we expected the meeting to start.

CHAIRPERSON: YEs.

MS SIZAKELE PETUNIA MZIMELA: To when it actually started.

CHAIRPERSON: Yes. What was the time that it had – you had been told the meeting would start?

MS SIZAKELE PETUNIA MZIMELA: I cannot recall.

CHAIRPERSON: You cannot recall?

MS SIZAKELE PETUNIA MZIMELA: Recall yes.

CHAIRPERSON: Yes but obviously you – or probably you arrived on
10 time?

MS SIZAKELE PETUNIA MZIMELA: Indeed Chair.

CHAIRPERSON: Ja okay.

ADV VERUSCHKA SEPTEMBER: In your experience Ms Mzimela and your particular engagements with Ministries over the years was it normal for a Minister's office to wait that long for anyone to attend a meeting with him or her?

MS SIZAKELE PETUNIA MZIMELA: So Chair the reason why I actually remember that we waited for so long is because for me it seemed very unusual that we were waiting for so long for people to arrive especially
20 because it also had a direct impact even on my diary based on what we had been – well the time that had been stipulated for the meeting. I had worked out that I would probably be done and able to take a subsequent meeting on my return to the office. And that is why despite it being so many years ago I recall you know at that point in time for me I was quite surprised that we were waiting as long as we did for

these individuals to arrive. And indeed in particular reference to say that even for the Minister to accommodate such a long wait.

CHAIRPERSON: Well prior to your coming to the meeting what was your understanding of who would form part of this meeting?

MS SIZAKELE PETUNIA MZIMELA: So Chair as I recall we had no idea that there would be external individuals. Our understanding is that we were meeting with the Minister in order to discuss the Johannesburg/Mumbai route.

CHAIRPERSON: Yes.

10 **MS SIZAKELE PETUNIA MZIMELA**: Yes.

CHAIRPERSON: And when you arrived the Minister was there and who else was there apart from Mr [indistinct] that came with you?

MS SIZAKELE PETUNIA MZIMELA: When we arrived – Minister was there – the Minister's advisor was there and at the point at which we then started the meeting...

CHAIRPERSON: The advisor being Mr Mahlangu.

MS SIZAKELE PETUNIA MZIMELA: That is Mr Mahlangu.

CHAIRPERSON: Ja do you remember his name? Or not really?

MS SIZAKELE PETUNIA MZIMELA: Siyabonga Mahlangu.

20 **CHAIRPERSON**: Siyabonga Mahlangu.

MS SIZAKELE PETUNIA MZIMELA: Yes it is Mr Siyabonga Mahlangu.

CHAIRPERSON: Okay alright yes.

MS SIZAKELE PETUNIA MZIMELA: So Mr Siyabonga Mahlangu was also you know present and there were other officials of DPE that were present.

CHAIRPERSON: Of the department?

MS SIZAKELE PETUNIA MZIMELA: Of the department yes. So by the time we go into the meeting I do actually share that for the ones that I actually remember quite specifically being present at the meeting is the Minister, it is the Deputy Minister at the time, Mr Ben Martins, it is Mr Siyabonga Mahlangu, myself and Mr Zakhele Sithole.

CHAIRPERSON: And that is when the meeting actually got to start?

MS SIZAKELE PETUNIA MZIMELA: Yes Chair.

CHAIRPERSON: Yes those were the people who were present.

10 **MS SIZAKELE PETUNIA MZIMELA**: That is correct Chair.

CHAIRPERSON: Okay thank you.

ADV VERUSCHKA SEPTEMBER: Did you receive any phone call during your wait Ms Mzimela?

MS SIZAKELE PETUNIA MZIMELA: Yes so while we were waiting for the meeting to start I then get a phone call from the office and the phone call is from Ms Advocate Coetzee who is a little bit perturbed.

CHAIRPERSON: You want to put – to say – also give us her name – is it Susan, Ms Susan...

20 **MS SIZAKELE PETUNIA MZIMELA**: Oh okay I received a call from Advocate Sandra

CHAIRPERSON: Ja okay.

MS SIZAKELE PETUNIA MZIMELA: Coetzee.

ADV VERUSCHKA SEPTEMBER: Just for the record Chair it is Sandra Julia Hester Coetzee.

CHAIRPERSON: Yes thank you.

MS SIZAKELE PETUNIA MZIMELA: And who at the time was employed at SAA as the head of legal – head of the legal department. So she calls me that there is a gentleman who is supposedly in possession of an agreement and he is demanding that this agreement be signed and this agreement pertains to SAA agreeing to terminate their operation on the Mumbai route. Then this actually surprised me and I said I am not – I am a bit confused as to what she is talking about but because we were still waiting for the meeting to start I said look I am really confused the meeting has not started. We have already – I have
10 already briefed or myself and Mr Sithole have already briefed the Minister so this is news to me. So my simple suggestion to her was that look try and find a way to stall because I am really confused and maybe after this meeting I will have a better sense as to what is going on and why would this gentleman be under the impression that there is an agreement that SAA should be signing to confirm that they would terminating the route.

ADV VERUSCHKA SEPTEMBER: And from which company was this particular gentleman?

MS SIZAKELE PETUNIA MZIMELA: He was from Jet Airways. He was
20 a Jet Airways representative.

ADV VERUSCHKA SEPTEMBER: What was the significance about the call that you received...

CHAIRPERSON: Well let us just get his name if you were told. At that stage you were not told who the person was, the name?

MS SIZAKELE PETUNIA MZIMELA: Unfortunately I was not told.

CHAIRPERSON: Okay.

MS SIZAKELE PETUNIA MZIMELA: What was the name of the gentleman?

CHAIRPERSON: Okay.

MS SIZAKELE PETUNIA MZIMELA: Except for him being a representative of Jet Airways.

CHAIRPERSON: Okay.

ADV VERUSCHKA SEPTEMBER: And Chair the affidavit of Advocate Coetzee which appears under Tab 2.

10 **CHAIRPERSON**: The one we saw in the morning.

ADV VERUSCHKA SEPTEMBER: Yes Chair.

CHAIRPERSON: Ja.

ADV VERUSCHKA SEPTEMBER: At page 220 the version of events as corroborated at paragraph 17 and 18 as indicated by this witness and with your leave I am happy to read that part into the record?

CHAIRPERSON: No, no it is not necessary.

ADV VERUSCHKA SEPTEMBER: If so necessary.

CHAIRPERSON: Ja just continue.

20 **ADV VERUSCHKA SEPTEMBER**: What was the significance of the call that you received from Advocate Coetzee and particularly the timing of the call in your view?

MS SIZAKELE PETUNIA MZIMELA: As already indicated Chair I found it very strange that there is a Jet Airways representative that is presenting a document or trying to present a document to SAA to sign and this is the time when – if the meeting had started obviously the

meeting would have ended possibly at that point in time at which he is putting a call through to SAA to say I have an agreement that needs to be signed.

CHAIRPERSON: But also even that that would have been quite strange even if an agreement had been reached in the discussions at the meeting for there to be – for one of the parties to have an agreement that has been typed and that is ready to be signed?

MS SIZAKELE PETUNIA MZIMELA: That is correct Chair.

CHAIRPERSON: But before we move forward can I ask whether –
10 during the time when you were waiting before the meeting could start and after you had briefed the Minister whether you at any stage sought to find out why are we being made to wait so long? Or anything to that effect either from the Minister or from his staff?

MS SIZAKELE PETUNIA MZIMELA: I do recall that Mr Sithole did actually ask the question to say how long are we still going to be waiting because obviously he also had meetings that were planned. And we were told no the representatives of Jet Airways that we were waiting for are on their way and they will be there shortly. And that is the only response that we actually received.

20 **CHAIRPERSON**: Were you surprised that suddenly there were to be other people attending the meeting that you had not been told about?

MS SIZAKELE PETUNIA MZIMELA: Yes we were actually surprised in that in coming to the meeting we did not know that there were going to be other people joining the meeting.

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: But we already knew that there would be people coming through because after the briefing with the Minister the Minister did pose the question to say, do we know, to his team so how long are these gentlemen still going to be before they arrive?

CHAIRPERSON: Oh but that was the first time you got an indication that there would be other people coming or you had already?

MS SIZAKELE PETUNIA MZIMELA: No Chair I think when we got I mean to DPE and we were then – well the first thing was to – was
10 asked to brief the Minister but by the time we walked in to brief the Minister there was already an indication that this meeting was not just going to be between ourselves and the Minister but there were other individuals that were going to be joining us. Hence the pre briefing and not going straight into the meeting kind of stuff.

CHAIRPERSON: Yes okay. Okay. okay. And the Minister during that period of waiting was the Minister away from where you were and your team and everybody was in his office or was everybody just waiting where the meeting was supposed to take place?

MS SIZAKELE PETUNIA MZIMELA: The meeting – we briefed in his
20 office and then we – once we had concluded the briefing we went back into the boardroom that was going to be utilised for the meeting and the Minister remained in his office.

CHAIRPERSON: And when you were in the boardroom were his staff with you or not really?

MS SIZAKELE PETUNIA MZIMELA: His staff were there in and out.

CHAIRPERSON: Ja, ja.

MS SIZAKELE PETUNIA MZIMELA: Because there had been an expectation that the meeting would already have started or be starting at that point in time.

CHAIRPERSON: Okay thank you.

ADV VERUSCHKA SEPTEMBER: Thank you Chair. And we are now on page 19 from paragraph 46 of your – of the bundle.

MS SIZAKELE PETUNIA MZIMELA: So...

ADV VERUSCHKA SEPTEMBER: Please take us through the meeting
10 on the arrival of the Jet Airways representative?

MS SIZAKELE PETUNIA MZIMELA: Okay. So eventually the Jet Airways representatives arrived and – and the team was actually I mean led by Mr Goyal who I have already actually mentioned already as Executive Chair and CEO of Jet Airways and I do recall that there was definitely one other I mean representative there may have been more than one at that meeting. And we all then convened into the meeting and as indicated present at the meeting is Mr Sithole and myself, the Minister, the Deputy Minister, Ben Martins, Mr Mahlangu and other DPE representatives also present in that meeting. Then the meeting
20 actually starts and Mr Goyal commences the meeting by spending a lot of time talking about himself you know and how important he is and all of the things I mean that he has actually done I mean in aviation. So that is the first time I mean when he gets a little bit annoyed with me because I respond because it is going on and on and I say you know we do know you and I know you professionally because we are part of the

same sort of aviation committees or forums. He then goes on to basically raise the issue that he has come to discuss.

CHAIRPERSON: But just before you get to that. Everybody is at the boardroom now and the meeting is about to start.

MS SIZAKELE PETUNIA MZIMELA: Yes.

CHAIRPERSON: Who is chairing the meeting? Who was chairing the meeting?

MS SIZAKELE PETUNIA MZIMELA: So the chair of the meeting is then Mr Gigaba.

10 **CHAIRPERSON**: Okay does he – was he the one to start in the normal way a meeting would start the purpose of this meeting is to discuss this issue we have so and so and so and so Mr Goyal will you start or something like that?

MS SIZAKELE PETUNIA MZIMELA: Indeed Chair as chair of the meeting he does obviously welcome all the people present at the meeting.

CHAIRPERSON: Hm.

MS SIZAKELE PETUNIA MZIMELA: And indicates that there has been a request to have the discussion and that the meeting is to discuss the
20 Johannesburg/Mumbai route at which point then hands over.

CHAIRPERSON: To Mr Goyal.

MS SIZAKELE PETUNIA MZIMELA: To Mr Goyal.

CHAIRPERSON: Okay thank you.

MS SIZAKELE PETUNIA MZIMELA: So this is where then he takes over.

CHAIRPERSON: Yes okay. You may continue.

MS SIZAKELE PETUNIA MZIMELA: In beginning to introduce himself.

CHAIRPERSON: Yes. Okay.

MS SIZAKELE PETUNIA MZIMELA: You know and his organisation.

CHAIRPERSON: Okay then you may continue.

MS SIZAKELE PETUNIA MZIMELA: Yes. He then actually continues he speaks faster than I do so he then continues to then talk specifically about the agenda item of the day which is the Mumbai route and indicates his unhappiness about the delay in the decision being taken
10 and in his view again everyone is wasting time in that SAA should already have closed off this route because his airline is better placed to be serving the Johannesburg/Mumbai route and he is quite surprised that we are just wasting time and not getting off the route and he would really like to actually suggest that we do so and do so you know I mean as quickly as possible and you know stop wasting time. At that point I then respond because...

CHAIRPERSON: Before you responded did this come across like a demand as opposed to a request or a proposal that you close off this route, how did it come across?

20 **MS SIZAKELE PETUNIA MZIMELA:** To me I say as far as I was concerned he was using a very instructive tone as if actually – maybe the way and I hope not – not all CEO's speak to their EXCO's like that but you know he is there, he is telling us this is what should be happening, we are wasting time can we actually just move on and do what needs to be done.

CHAIRPERSON: Okay ja continue.

MS SIZAKELE PETUNIA MZIMELA: And because he then makes the point that as far as he is concerned anyway this decision was long made and the problem is more with this current management that is refusing to implement a decision that has already been taken. It is at this point at which I interject to actual ask the question to say I am not aware of any decision that had already been made prior to that date and if he feels so strongly that a decision had been taken and a commitment made to them as Jet Airways then could he at least
10 disclose who had given him that assurance that SAA would be terminating the route. This is the – it is at this point that he then says it was Mr Smyth. And to some extent I probably was – could understand his frustration because part of his frustration was that now they have on the basis of this commitment that was made they have now gone and they are like you know started operating services I mean to South Africa so he is very frustrated at this point in time because things have not gone according to plan according to him.

ADV VERUSCHKA SEPTEMBER: Sorry Ms Mzimela is he then allowed to continue and make these comments statements and demands
20 uninterrupted?

MS SIZAKELE PETUNIA MZIMELA: Indeed he is which I actually found quite strange as well because now is also ends up being like he says and the only two people really talking are myself and he but he you know he is basically in a way basically trying to get me to say shut up and let us get on with this discussion this is what you actually should

be doing. And I quite surprised because maybe it would have been different if it was myself and he I mean on our own and he decides to speak to me in that manner but in my experience with the Minister and a Deputy Minister sitting in the room and this is a foreigner in our country and he comes and he takes that type of tone in a meeting and is allowed to actually carry on and speak in that manner I found that to be disturbing to say the least. And he does this until and I would – I can only speculate but until Deputy Minister gets to a point where in my view he came across as someone who was now upset because

10 obviously we were waiting for the chairperson who is the Minister to step in, he does not intervene until you know it is actually Deputy Minister Ben Martins who intervenes and says no, no, no please stop right there we have no problem we are all sitting here to try to listen to what your issues are and to try and find a way to assist if there is a way of assisting but please be careful about the way in which you speak to us and you cannot be talking to us as if you are giving us instructions in our own country.

CHAIRPERSON: Yes just continue in terms of giving us a full picture of the meeting.

20 **MS SIZAKELE PETUNIA MZIMELA:** Yes.

CHAIRPERSON: Hm

MS SIZAKELE PETUNIA MZIMELA: So at that stage Mr Goyal then apologised.

CHAIRPERSON: Before Mr Ben Martins intervened you had said something in response other than saying who gave you the impression

that a decision had been taken already please tell us and he told you. Apart from that was there anything else of any significance you had raised or not really?

MS SIZAKELE PETUNIA MZIMELA: I would have used the opportunity to once again raise the issue that I will re-emphasise what I had shared with the Minister which is we are not opposed to finding a workable partnership but as far as I am concerned what they are placing on the table is not something that we would ever consider and I just – and hence I went back to ask who had actually confirmed that we are going
10 to close the route because he kept on emphasising that SAA needed to get off the route and I said that is not part of the discuss we are not aligned to that discussion. Whatever discussions that we continue to have with Jet Airways are purely on a codeshare which we think should be mutually beneficial to both parties. But they are stuck on this issue of us not doing what they expected to do which is to get off the route completely by us sorry Chair I mean SAA.

CHAIRPERSON: At that stage did you have an understanding of how long before this meeting this decision that he said had been taken had been taken to his knowledge, did he give an indication of – was it a
20 decision of a few weeks ago, a few days, or is that something that did not emerge?

MS SIZAKELE PETUNIA MZIMELA: Based on what he shared at the meeting Chair he actually indicated that even prior to them as Jet Airways commencing the route to Johannesburg it was on the basis that SAA had already confirmed to them that they would be getting off the

route.

CHAIRPERSON: Oh they were...

MS SIZAKELE PETUNIA MZIMELA: So this...

CHAIRPERSON: They were already operating between Johannesburg and Mumbai.

MS SIZAKELE PETUNIA MZIMELA: Ja.

CHAIRPERSON: Or they had always for a long time they had been operating the route they just wanted SAA out of the way?

MS SIZAKELE PETUNIA MZIMELA: No Chair. So as at this date when
10 this meeting now takes place Jet Airways has now commenced with frequencies to South Africa.

CHAIRPERSON: On the strength of this decision he is talking about as you understood the position?

MS SIZAKELE PETUNIA MZIMELA: Indeed according to him.

CHAIRPERSON: According to him.

MS SIZAKELE PETUNIA MZIMELA: On the strength of it.

CHAIRPERSON: Ja okay.

MS SIZAKELE PETUNIA MZIMELA: But you will recall that I – when I
started off I said at the point at which we were also making the
20 recommendation to the board to say we shall not be closing that route.
We were the sole – SAA was the sole operator on the route. So they
commenced operations into South Africa and according to him they do
that on the basis that there is a commitment that was made to them that
SAA would get off the route.

CHAIRPERSON: Okay thank you. You may proceed.

ADV VERUSCHKA SEPTEMBER: Thank you.

MS SIZAKELE PETUNIA MZIMELA: Um sorry. Then he apologises when Deputy Minister at that time

CHAIRPERSON: Intervened

MS SIZAKELE PETUNIA MZIMELA: Intervenes. He then apologises and his tone is slightly different in terms of – obviously still raising the issues that he is disappointed, that we are not making progress and quite frustrated because they really think that they could be good partners I mean to SAA and at the moment he feels like we are not
10 moving forward fast enough in terms of trying to finalise or formalise the partnership. That Chair was the gist of the meeting until Mr Gigaba who was basically silent right through the exchange even when there was an exchange between myself you know and Mr Goyal. Even when Mr Ben Martins actually intervenes he had not said anything at that point in time except....

CHAIRPERSON: What was – I am sorry what was Mr Goyal's reaction to you saying the issue of SAA closing the route is out of the question. That is not what we are here to talk about. We are here to talk about cooperation and code sharing. What was his reaction to that?

20 **MS SIZAKELE PETUNIA MZIMELA:** This is the time at which he was still insisting that you are wasting time. Get off I mean the route because this is – and so that exchange happens as well prior to Mr Ben Martins – in fact it probably also the reason why Mr Ben Martins also then intervenes to say, no, no, you cannot really be telling us what to do.

CHAIRPERSON: Well I just want say it is quite important that I get the as full a picture of the mood and the atmosphere as possible of that meeting and the way he was talking because I think I remember from your – from you affidavit that you got upset. So I am just saying to the extent that you might not have described it as fully as you think you are able to feel free to do so because it is important that I get a full picture but if you are satisfied that the way you have described it is sufficient is okay.

MS SIZAKELE PETUNIA MZIMELA: Okay. No Chair I am actually
10 satisfied with what I have said today.

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: As I said I wanted to actually conclude or say in terms of how the meeting then concluded is that Mr Gigaba his contribution to the meeting is to then request that as a matter of urgency we should try and meet as SAA and Jet Airways to try and work through a solution of finding a solution to the partnership or building a partnership.

CHAIRPERSON: Oh so he in effect suggest that the discussion should between SAA and Jet Airways should be continued but he says to find a
20 way to have some kind of partnership?

MS SIZAKELE PETUNIA MZIMELA: Indeed and he says it is urgent so he is basically as the Minister I mean instructing us I mean to hold that meeting as quickly as possible and with Jet Airways in order to have this discussion further. But he is not indicating at that point in time whether he agrees with our position or he agrees with the Jet Airways

position.

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: All he is saying is essentially can you actually and sure that there is an urgent meeting that is actually held between the representatives or the two airlines in order to find – well to finalise the partnership.

CHAIRPERSON: I know because you have said that you were not there to discuss a possible closure of the Mumbai route and from what you said Mr Goyal was not there to discuss anything else. He wanted
10 implementation of what he believed was a decision that had been taken.

MS SIZAKELE PETUNIA MZIMELA: Yes.

CHAIRPERSON: But I just want to find out whether during that meeting there was any discussion of the merits and demerits of any of the two positions?

MS SIZAKELE PETUNIA MZIMELA: Chair there was not a detailed discussion except for my response back to Mr Goyal to say we have always indicated that we are happy to partner with them on a code share basis that is mutually beneficial to the airlines but what we are
20 clear about is that we have no intentions of actually close or pulling out the root completely because it does not make sense to SAA.

CHAIRPERSON: And how long do you think meeting took place from the time it started after Mr Goyal had arrived to the end more or less?

MS SIZAKELE PETUNIA MZIMELA: If I exclude his introduction which was probably about fifteen minutes probably about thirty minutes, so in

total about 45 minutes.

CHAIRPERSON: Yes. Okay thank you.

ADV VERUSCHKA SEPTEMBER: Thank you. Ms Mzimela is it correct for us to understand that Minister Malusi Gigaba's involvement in this meeting was but limited to the introduction at the outset of the meeting and his request...

CHAIRPERSON: Closing remarks.

ADV VERUSCHKA SEPTEMBER: To the parties at the end? Sorry?

CHAIRPERSON: I am saying his introduction and closing remarks.

10 **ADV VERUSCHKA SEPTEMBER**: Yes Chair. His introduction and closing remarks. Is that the extent of his contribution towards the meeting?

MS SIZAKELE PETUNIA MZIMELA: That is correct Chair.

ADV VERUSCHKA SEPTEMBER: Now how in your view did Mr Gigaba – Minister Gigaba's silence possibly enable the meeting discussion and the impression that was left at the end of the meeting?

MS SIZAKELE PETUNIA MZIMELA: Just to be clear the impression on me – left with me?

20 **ADV VERUSCHKA SEPTEMBER**: Yes. In your view you attended the meeting?

MS SIZAKELE PETUNIA MZIMELA: Hm.

ADV VERUSCHKA SEPTEMBER: Minister Gigaba's engagement was at the outset. It was at the closure. There was nothing said in between despite the vigorous engagements, debates, attacks – so to speak – as you have indicated that was launched against SAA with the aid of

Minister (intervenes).

CHAIRPERSON: Well maybe attack might not be accurate but I think the question is what did you make of the fact that the Minister was so silent during this meeting for most of the time other than introducing everybody or the introductory remarks at the beginning of the meeting and the suggestion he made at the end of the meeting that Jet Airways and SAA should continue discussions.

MS SIZAKELE PETUNIA MZIMELA: Chair I think for me it was disappointing because a Minister sitting there as a shareholder –
10 shareholder representative of the entity and at the very least - in my opinion – he should probably have used the opportunity to reemphasise or in his own words I mean support what I had presented to him which is we are happy to talk about cooperation but it has got to be on the basis of it being beneficial to SAA.

CHAIRPERSON: I guess especially because you had briefed him on these issues and he did not seem to have – he did not raise any problems with the approach that you representing management were taking.

MS SIZAKELE PETUNIA MZIMELA: Indeed Chair.

20 **CHAIRPERSON:** Hm.

ADV VERUSCHKA SEPTEMBER: Would Minister Gigaba's silence have enabled then further discussions on the very strong proposals that Jet Airways were adamant to insist on?

MS SIZAKELE PETUNIA MZIMELA: I believe that that is the case Chair because had Jet Airways also heard the same message from the

shareholder representative they would not have continued – I am trying to find a polite way – they would have not continued to try and still push for the closure ...

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: Of the route.

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: I think for me it would have been an opportunity for them to actually understand that we are all speaking with one voice and that the only issue that we are interested in having
10 a discussion with them on is a partnership is it relates to a Code Share which could benefit us as I said looking at the beyond points because at that point they are already operating to South Africa.

We cannot stop them. There is no problem with us actually Code Sharing with them. There is value for us to get beyond points from them out of Mumbai and likewise we were happy to provide what we thought was equivalent benefit to them out of Johannesburg.

CHAIRPERSON: Yes.

ADV VERUSCHKA SEPTEMBER: Following this meeting is it correct that a follow meeting was held on 24 January 2011?

20 **MS SIZAKELE PETUNIA MZIMELA:** Yes a meeting was held and I attended the first part of the meeting just to make sure because as the only Executive who had been present with the – at the meeting with the Minister I thought it was actually important to be part of that meeting initially where now it is Jet Airways representatives and SAA in the absence of Mr Goyal.

So to actually then again confirm that the idea is to continue to – to speak to each other to try and find a partnership or to finalise a partnership that is mutually beneficial to all parties. I then leave and continue with the rest of my work but then the team because at that point it is the Head of Commercial now who is now running with the process rightfully so and the alliance - the team that – that handled alliance arrangements.

I – but the feedback was that nothing really came out of that meeting.

- 10 **CHAIRPERSON**: And who – before you – we hear about the feedback in terms of the composition of that meeting do you know how it was composed? Who attended?

MS SIZAKELE PETUNIA MZIMELA: Hm.

CHAIRPERSON: In terms of names?

MS SIZAKELE PETUNIA MZIMELA: Okay. Chair – I mean – from my side I can confirm that the – the Head of – of Commercial at that point in time was Mr Theunis Potgieter and he would have – you know – attended the – the meeting with his team from the Alliance Department. I cannot quite recall ...

- 20 **CHAIRPERSON**: You might not recall the names of the teams?

MS SIZAKELE PETUNIA MZIMELA: Yes.

CHAIRPERSON: And from the Jet Airways side do you know? Mr Goyal was not there?

MS SIZAKELE PETUNIA MZIMELA: Yes. What I can confirm is that Mr Goyal was not there but he had his ...

CHAIRPERSON: Other people?

MS SIZAKELE PETUNIA MZIMELA: Other people or representatives.

CHAIRPERSON: Okay, alright and what was the feedback to you on the meeting?

MS SIZAKELE PETUNIA MZIMELA: The feedback was that essentially they had not been able to make progress because Jet Airways was still stuck on trying to get SAA to move off the route.

CHAIRPERSON: So as you – in terms of the report that was made to you was the position basically exactly the same as it was at the
10 meeting which you had attended where Jet Airways was saying get off the route and you were saying we are not getting off the route but if you want to talk Code Sharing we can talk?

MS SIZAKELE PETUNIA MZIMELA: That is correct Chair.

CHAIRPERSON: Okay.

ADV VERUSCHKA SEPTEMBER: So ...

CHAIRPERSON: The Minister was not in that meeting?

MS SIZAKELE PETUNIA MZIMELA: No.

CHAIRPERSON: No, okay.

MS SIZAKELE PETUNIA MZIMELA: This is a meeting now that takes
20 place at SAA.

CHAIRPERSON: Okay, alright.

ADV VERUSCHKA SEPTEMBER: So this meeting similarly concludes on the basis that the parties cannot reach a consensus. Is that right?

MS SIZAKELE PETUNIA MZIMELA: That is correct.

ADV VERUSCHKA SEPTEMBER: Just as a matter of interest what –

how did the performance of SA – of SAA and Jet Airways relative to this route compare to each other if they could compare at all?

MS SIZAKELE PETUNIA MZIMELA: Well we would not have – definitely would not have privy to their performance statistics.

CHAIRPERSON: How they performed, *ja*.

MS SIZAKELE PETUNIA MZIMELA: Like the financials ...

CHAIRPERSON: Hm.

MS SIZAKELE PETUNIA MZIMELA: I mean – in terms of how they are actually performing but what we would know is that they were hurting
10 and when I say hurting because it was too much – they had gone in and put in too much frequency into the market and they were not able to fill those aircraft. So just understanding the – the airline industry and what you would normally require sort of like an average load factor we were – we understood that they would be hurting.

ADV VERUSCHKA SEPTEMBER: We ...

CHAIRPERSON: Let us go back to the time between the meeting that you attended with the Minister and Jet Airways and the second meeting which you did not attend. In between did you – did you confront Mr Smyth and say I heard from Mr Goyal that you had told him that a
20 decision had been taken by SAA that it would close down the Mumbai Route, is that true and tell me how did that come about, what is going on?

MS SIZAKELE PETUNIA MZIMELA: Indeed i – I did Chair and it would probably have been on the very day when I got back to the office to have actually called him and said this is the situation that I found

myself in – in the meeting where Mr Goyal actually said the following and he denied it. He said he had never ...

CHAIRPERSON: He denied it?

MS SIZAKELE PETUNIA MZIMELA: Yes. He said he had never made any commitments ...

CHAIRPERSON: Hm.

MS SIZAKELE PETUNIA MZIMELA: To terminate the route ...

CHAIRPERSON: Hm.

MS SIZAKELE PETUNIA MZIMELA: Except for what they had put
10 forward as a team as a recommendation ...

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: To pull off the route but he said he never made a personal commitment ...

CHAIRPERSON: Hm.

MS SIZAKELE PETUNIA MZIMELA: To Mr Goyal or provided them with confirmation ...

CHAIRPERSON: Hm.

MS SIZAKELE PETUNIA MZIMELA: That SAA would be terminating the route.

20 **CHAIRPERSON:** Did he indicate whether he had shared the recommendation with Mr Goyal or with anybody from Jet Airways? In other words had he told either Mr Goyal or anybody from Jet Airways that he would be making a recommendation to the Board that the route be closed down?

MS SIZAKELE PETUNIA MZIMELA: No Chair. He did not actually

indicate that at all. I mean at that point he is – he was like denying, yes.

CHAIRPERSON: Okay, thank you.

ADV VERUSCHKA SEPTEMBER: On page 21 at paragraph 54 you talk about a memorandum that you prepared to the DG on 11 April 2011. Can you please explain the purpose of this memorandum to the Chair?

MS SIZAKELE PETUNIA MZIMELA: The purpose of the memorandum to the DG was to actually provide her with an update on where we were with the discussions with Jet Airways as the person who I had liaised
10 with at DPE in order for him to provide further feedback to the – to the Minister and I indicated in that memorandum that we had still not found a workable solution between ourselves and – and Jet Airways.

ADV VERUSCHKA SEPTEMBER: To that end can I ask you to turn to page 1-1-6 please?

CHAIRPERSON: What is the page number?

ADV VERUSCHKA SEPTEMBER: 1-1-6.

CHAIRPERSON: Okay.

ADV VERUSCHKA SEPTEMBER: Do you recognise this document?

MS SIZAKELE PETUNIA MZIMELA: Yes I do.

20 **ADV VERUSCHKA SEPTEMBER:** What is it?

MS SIZAKELE PETUNIA MZIMELA: What it is – is a presentation that we would have actually put together as the SAA Management Team to not just say we are not prepared or rather to – to set out the basis on which we were happy to – to finalise partnership with Jet Airways. So in terms of this presentation we talk about the various options and we

say we are happy to conclude a Code Share relationship with them but it would be on the basis that they reduce the frequency that they are already operating in the marketplace so that it actually makes sense because obviously we are looking at the numbers now from an SAA perspective in terms of what would be the – the benefit to us.

So those are the proposals that we then table as well to the DG as part of the letter that I sent to him as an update in order to demonstrate that we have applied our minds as to if – if we are going to proceed it will have to actually proceed on the following basis.

- 10 **ADV VERUSCHKA SEPTEMBER:** And so to can I then ask you to read the conclusions that appear on page 1-2-5?

MS SIZAKELE PETUNIA MZIMELA: The conclusion is that:

“SAA is connecting traffic is considerable and SAA is not in a position to adjust its schedule as there is a high risk of losing connecting traffic from and beyond Johannesburg. That SAA remains open to a potential partnership with Jet Airways under the right conditions.”

- ADV VERUSCHKA SEPTEMBER:** Thank you and two pages – sorry – a
20 few pages before that. I ought to have taken you here first - on page 1-1-3.

MS SIZAKELE PETUNIA MZIMELA: Oh.

ADV VERUSCHKA SEPTEMBER: There appears a memorandum that is written by yourself or let me wait for you first – 1-1-3.

MS SIZAKELE PETUNIA MZIMELA: It is okay.

ADV VERUSCHKA SEPTEMBER: There appears to be a memorandum from yourself to the Director-General for the Department of Public Enterprise Mr Tshediso Matona and it is dated 11 April 2011. Is this the memorandum that you were referring to earlier?

MS SIZAKELE PETUNIA MZIMELA: That is correct Chair.

ADV VERUSCHKA SEPTEMBER: Thank you. It is noted at the – on the next page though at page 1-1-4 that is it not signed. You do however confirm this to be your memorandum?

MS SIZAKELE PETUNIA MZIMELA: That is correct.

- 10 **ADV VERUSCHKA SEPTEMBER:** So on 11 April 2011 you write a memorandum which details and gives an account on SAA's position in relation to the Mumbai Route and that is preceded by a meeting you had in January on the route but three days later on 14 April 2011 is it correct that you get summonsed to Cape Town again?

MS SIZAKELE PETUNIA MZIMELA: That is correct. So the – the Chairperson once again gets a call indicating that in less than 24 hours we should make ourselves available for a meeting with the Minister in Cape Town. Unfortunately once again Ms Carolus - I think she was actually – had a planned trip at that time – was unable to attend the
20 meeting. She then requested Mr Teddy Daka to accompany me.

CHAIRPERSON: Mr ...?

MS SIZAKELE PETUNIA MZIMELA: Teddy Daka.

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: She requested Mr Teddy Daka to accompany me to – to the meeting in – in Cape Town.

CHAIRPERSON: You get this call around when in April? A few dates before the date for the meeting or what?

MS SIZAKELE PETUNIA MZIMELA: Yes. It was 24 hours before.

CHAIRPERSON: Oh.

MS SIZAKELE PETUNIA MZIMELA: So within 24 hours we needed to ...

CHAIRPERSON: Oh. So ...

MS SIZAKELE PETUNIA MZIMELA: In fact I think we got the call the – the previous afternoon and we had to be in Cape Town the following
10 day.

CHAIRPERSON: Oh, okay.

MS SIZAKELE PETUNIA MZIMELA: Yes.

CHAIRPERSON: Thank you.

MS SIZAKELE PETUNIA MZIMELA: Mr – it was very short notice to such an extent that whilst Mr Teddy Daka initially was not going to be able to even accompany me to the meeting because he had a young daughter at that time that he – well was – he was taking responsibility for his daughter at that point in time and he indicated that he did not have anybody to babysit the little girl and therefore he would be unable
20 to travel with us at very short notice.

In order to even accommodate him attending the meeting with me we even made arrangements to say we will find somebody to babysit his daughter when we get to Cape Town because it was important always again from a governance perspective that this was a request that had been put to the Board. The Chairperson felt that

Mr Daka was best placed to be the one to accompany me and especially because we went into that meeting not even knowing what was going to be discussed.

ADV VERUSCHKA SEPTEMBER: So you did not ...

CHAIRPERSON: You did not know ...

ADV VERUSCHKA SEPTEMBER: Receive an agenda?

CHAIRPERSON: At all what – why you were being called to a meeting?

MS SIZAKELE PETUNIA MZIMELA: At all Chair.

CHAIRPERSON: You were just told come to Cape Town for a meeting
10 tomorrow?

MS SIZAKELE PETUNIA MZIMELA: That is correct Chair.

CHAIRPERSON: Okay; but you did not get the call. You got – you did not get the call from the Ministry. You got the call from the Chairperson of the Board who had been called ...

MS SIZAKELE PETUNIA MZIMELA: Indeed.

CHAIRPERSON: By the Ministry or the Minister?

MS SIZAKELE PETUNIA MZIMELA: Indeed Chair.

CHAIRPERSON: Okay, alright.

ADV VERUSCHKA SEPTEMBER: Who was present at the meeting?

20 **MS SIZAKELE PETUNIA MZIMELA:** In Cape Town?

ADV VERUSCHKA SEPTEMBER: Yes.

MS SIZAKELE PETUNIA MZIMELA: So when we arrived – the meeting in Cape Town it was Minister Gigaba who was the Chair of – of the meeting, Mr Siyabonga Mahlangu, Ms Raisibe Lepule ...

CHAIRPERSON: I am sorry. Mr Mahlangu and ...?

MS SIZAKELE PETUNIA MZIMELA: Ms Raisibe ...

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: Lepule was – I think she was the DDG or the Director-General – Director of Aviation.

CHAIRPERSON: Okay.

ADV VERUSCHKA SEPTEMBER:

MS SIZAKELE PETUNIA MZIMELA: She was one of those who looked ...

ADV VERUSCHKA SEPTEMBER: For the record ...

10 **MS SIZAKELE PETUNIA MZIMELA:** After aviation.

ADV VERUSCHKA SEPTEMBER: For the record that is spelt R-A-I-S-I-B-E and the L-E-P-U-L-E.

CHAIRPERSON: Hm.

MS SIZAKELE PETUNIA MZIMELA: Yes and Professor Vusi Gumede who was the other advisor to the Minister. I think more his economic advisor if I am not mistaken, the DG Mr Tshediso Matona and other departmental representatives.

ADV VERUSCHKA SEPTEMBER: Ms Mzimela is this the same DG that you sent the memorandum to three days later- three days earlier?

20 **MS SIZAKELE PETUNIA MZIMELA:** Indeed it is.

CHAIRPERSON:

ADV VERUSCHKA SEPTEMBER: Please proceed as to what then transpired?

CHAIRPERSON: And – and the venue of the meeting was where?

MS SIZAKELE PETUNIA MZIMELA: The venue of the meeting was the

DPE Offices in Cape Town.

CHAIRPERSON: DPE Offices, *ja*.

MS SIZAKELE PETUNIA MZIMELA: DPE - yes.

CHAIRPERSON: Okay.

MS SIZAKELE PETUNIA MZIMELA: DPE Offices in Cape Town.

CHAIRPERSON: In Parliament?

MS SIZAKELE PETUNIA MZIMELA: Yes indeed.

CHAIRPERSON: Okay.

MS SIZAKELE PETUNIA MZIMELA: So as I indicated Chair that we
10 had no idea what the meeting was about. When Mr Daka was asking
me I was actually speculating and thinking no maybe they are actually
related to our request for a guarantee but we were just thinking all
sorts of things ...

CHAIRPERSON: You did not know what to take along?

MS SIZAKELE PETUNIA MZIMELA: But we did not know what to take
along.

CHAIRPERSON: And how to prepare for the meeting?

MS SIZAKELE PETUNIA MZIMELA: That is correct Chair.

CHAIRPERSON: Okay.

20 **MS SIZAKELE PETUNIA MZIMELA:** And we ...

CHAIRPERSON: And the Chair who had told you about the meeting
also had not – did not know?

MS SIZAKELE PETUNIA MZIMELA: Yes.

CHAIRPERSON: Okay.

MS SIZAKELE PETUNIA MZIMELA: She equally did not know why the

meeting had been – been called and as I say I have indicated the people who I recall who were there and as I said other DPE departmental personnel as well. Mr Gigaba as the Chair of – of the meeting then indicates at the start of the meeting that he has several items that he would like to discuss with us but first and foremost he wants to actually get an update of the Jet Airways/SAA discussions.

CHAIRPERSON: Well you say first and foremost. I get the impression that that those were the words he used.

MS SIZAKELE PETUNIA MZIMELA: Yes.

10 **CHAIRPERSON:** Okay.

MS SIZAKELE PETUNIA MZIMELA: He does say that. I mean – first and foremost ...

CHAIRPERSON: Yes, okay.

MS SIZAKELE PETUNIA MZIMELA: What he would like to get an update ...

CHAIRPERSON: Okay.

MS SIZAKELE PETUNIA MZIMELA: On the Jet Airways – on the Jet Airways/SAA discussions.

20 **ADV VERUSCHKA SEPTEMBER:** And for that particular item for discussion is it to be understood that he gave preference then to that as above to any other matters which were urgent within the organisation?

MS SIZAKELE PETUNIA MZIMELA: The truth of the matter if I could – so through – I mean - the meeting as well. In the end we concluded the meeting discussing nothing else except – I mean – for the Jet ...

CHAIRPERSON: Except that item?

MS SIZAKELE PETUNIA MZIMELA: Except for that item but he had actually opened up the discussions stating that there are a number of issues that he wants to discuss with us ...

CHAIRPERSON: Hm.

MS SIZAKELE PETUNIA MZIMELA: But he wants to start first and foremost with the India/South Africa Route.

CHAIRPERSON: Hm.

ADV VERUSCHKA SEPTEMBER: Based on your position as Group
10 CEO at the time how did the urgency of this particular matter compare to any other matters of urgency within SAA?

MS SIZAKELE PETUNIA MZIMELA: It was – we had far more urgent issues and which is why even in responding to this urgent request to go – to attend a meeting in Cape Town our speculations at no point did we even image that the – the discussion topic was going to be about Jet Airways.

CHAIRPERSON: Jet Airways.

MS SIZAKELE PETUNIA MZIMELA: You know we speculated about everything else thinking we probably need to discuss or provide an
20 update in terms of the guarantee.

CHAIRPERSON: Hm.

MS SIZAKELE PETUNIA MZIMELA: You know – maybe it actually relates to some of the – the issues that we have been having ongoing discussions – I mean – with the department on what needs to be done within the organisation. So long and short is that it was really ...

CHAIRPERSON: Hm.

MS SIZAKELE PETUNIA MZIMELA: The least or our priorities.

CHAIRPERSON: Hm; before the discussion on this matter he did not articulate what those – the other issues were? He just said they were – he had a long list but the - the first one was the – he wanted to be briefed on the progress on the discussions between SAA and Airways about the Mumbai Route?

MS SIZAKELE PETUNIA MZIMELA: Indeed Chair. I do not recall ...

CHAIRPERSON: Hm.

10 **MS SIZAKELE PETUNIA MZIMELA:** Him mentioning any other (intervenes).

CHAIRPERSON: Any other, yes.

MS SIZAKELE PETUNIA MZIMELA: Ja.

CHAIRPERSON: Okay, continue.

ADV VERUSCHKA SEPTEMBER: Please.

MS SIZAKELE PETUNIA MZIMELA: So it did take me a little bit by surprise that I was finding myself once again having to provide an update on the Mumbai Route especially because I had just a few days before had provided a written memorandum to – to the DG on where we
20 were with our discussions with Jet Airways but I started and the Minister to asked me to provide feedback. So I basically started to provide the feedback on the basis of what I had shared with the DG to say this is where we are. This ...

CHAIRPERSON: The DG was present in the meeting?

MS SIZAKELE PETUNIA MZIMELA: The DG was present ...

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: In the meeting – to say this is where we are. This is the progress that has been made or the progress that has not been made. These are some of the suggestions or the options that we have tabled with Jet Airways but before I could even finish Mr Siyabonga Mahlangu intervenes very, very, very angrily *ja* and he starts to – you know – say he ...

CHAIRPERSON: Without being allowed by the Chairperson just intervened abruptly?

- 10 **MS SIZAKELE PETUNIA MZIMELA:** Yes Chair which is why I am saying before I could even finish my briefing right in the middle of my briefing he intervenes and he says he is really tired of the amount of time that we are wasting on the matter. As far as he is concerned we are wasting taxpayers' money.

There are toilets that need to be built and we are just wasting time and he is equally tired of these management who are always continuously presenting analysis and analysis to support their position on why a certain decision has been taken and all he sees is that we are just failing to understand that these are issues of national importance
20 and we should just get off the route.

Mr Gigaba fails to reprimand Mr Mahlangu. So he continues and completely unacceptable and rude behaviour in my view and he goes on and on about Executives who do not listen and in my view it gets to a point where I look at it I say this is getting quite personal now. He is now attacking me if he starts to talk about Executives who

do not listen and all they do as I said is just present analysis on why things should be done in a particular way and because Mr Gigaba is not intervening.

No one is saying anything at that point in time I then just got to a point where I got really angry and upset okay because it was getting quite personal. So at that point I then told Mr Mahlangu that look stop it now – you know. This is becoming quite personal and I am quite angry about this because do not personal an issue which is a business commercial issue.

10 If you have issues which are more on a personal basis I am happy to take the discussion outside of the room but this is not the place for us – I mean – to be having this discussion and I actually felt that he was being quite disrespectful because in my view and I share with him that I do not believe that I am every disrespectful – you know – to anyone.

Even if you want – you have a different view point you can present that different view point but in a respect – a respectable manner and I actually felt that he was being very disrespectful in the manner in which he was talking.

20 **CHAIRPERSON:** And I get the impression that the one feature which was common between the first meeting which you attended with the Minister on this issue the Minister – with Mr Gigaba where Mr Goyal was present and this meeting where Jet Airways was not there but you were meeting with the Minister and his advisor and the DG and other departmental personnel the one feature that seems to be common is

that there is somebody who just goes for SAA quite heavily?

MS SIZAKELE PETUNIA MZIMELA: Indeed Chair. I think that in the second meeting it was now Mr Mahlangu taking the place of Mr Goyal's attitude ...

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: In the first meeting.

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: The only difference that in the second meeting is that he is now – in his anger he is telling us how we
10 are wasting South African taxpayers money by continuing to operate that route and we do not understand that this is of national importance. I am not too sure why ...

CHAIRPERSON: Hm.

MS SIZAKELE PETUNIA MZIMELA: The termination of Johannesburg/Mumbai was of national importance ...

CHAIRPERSON: Hm.

MS SIZAKELE PETUNIA MZIMELA: But he basically – I mean – takes that tone.

CHAIRPERSON: But was his tone more or less as that of Mr Goyal or
20 the tone of talking to – to SAA about this issue?

MS SIZAKELE PETUNIA MZIMELA: He was probably worse. I would say.

CHAIRPERSON: Probably worse?

MS SIZAKELE PETUNIA MZIMELA: Probably worse.

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: And I say probably worse because as I indicated Chair that he actually started to become quite personal.

CHAIRPERSON: Hm.

MS SIZAKELE PETUNIA MZIMELA: You know – I mean as well in terms of *ag* these Executives.

CHAIRPERSON: Hm.

MS SIZAKELE PETUNIA MZIMELA: You know – who just do not understand what they should be doing ...

CHAIRPERSON: Hm.

10 **MS SIZAKELE PETUNIA MZIMELA:** And do we not understand. Essentially he was basically alluding to the fact that we should just basically be implementing an instruction and not trying to present our own view point on what should – what decision should be taken on Jet Airways and yet having said that no one had ever said to us okay terminate – I do not remember them writing to us ..

CHAIRPERSON: Well I – I was about to ask ...

MS SIZAKELE PETUNIA MZIMELA: Hm.

CHAIRPERSON: Because your position as SAA – you articulated your position quite clearly at the first meeting ...

20 **MS SIZAKELE PETUNIA MZIMELA:** Hm.

CHAIRPERSON: That you were not talking – closing - about closing the route ...

MS SIZAKELE PETUNIA MZIMELA: Yes.

CHAIRPERSON: But you were open to discussions aimed at some partnership ...

MS SIZAKELE PETUNIA MZIMELA: Yes.

CHAIRPERSON: And Mr Mahlangu was at that meeting?

MS SIZAKELE PETUNIA MZIMELA: Yes.

CHAIRPERSON: And this is another meeting. He knows your position. He knows what Mr Goyal had said at the previous meeting. He knows that you disagree. He knows that at that meeting the Minister did not say he agreed with – with Mr Goyal at least not personally. He – but now he – from what you said – it looks like he was speaking as if a decision had been taken by the department or by SAA or by the South
10 African Government that the route should be closed and you are just waiting time.

MS SIZAKELE PETUNIA MZIMELA: Indeed Chair.

CHAIRPERSON: Is my understanding of your – of your evidence correct?

MS SIZAKELE PETUNIA MZIMELA: That is correct Chair.

CHAIRPERSON: Hm.

MS SIZAKELE PETUNIA MZIMELA: Hence I was going to make that point that for me it was surprising because it is not as if we had received any official correspondence from them that SAA you shall
20 close the route. This is the point at which Mr Daka also then intervenes.

CHAIRPERSON: Well before that am I correct to understand that another feature that is common between that first meeting and this meeting is that the Chair of the meeting keeps quiet when this kind of “attack” if – if one can talk about it – but this harsh criticism directed at

SAA happens the Chairperson keeps quiet?

MS SIZAKELE PETUNIA MZIMELA: Indeed Chair.

CHAIRPERSON: Okay continue.

MS SIZAKELE PETUNIA MZIMELA: So it is at this point when Mr Daka also then intervenes and directs his communication to the Chair who is the Minister at that point in time where he then makes the point that he is not happy with the way in which Mr Mahlangu is conducting himself and that he wishes to confirm that the executives had done extensive work around the analysis of the closure of the routes and that
10 the Board, equally had applied it's mind on the recommendations and that they were comfortable with the recommendations that had been put forward by management and that when he wanted to make it very clear that we would not allow ourselves then to be bullied by anybody in regard to this decision.

CHAIRPERSON: At this stage, and maybe at the stage of the first meeting already, the Board had already made a decision in terms of which they accepted your recommendation, your team's recommendation that the route should not be closed, is that correct?

MS SIZAKELE PETUNIA MZIMELA: That is correct Chair.

20 **CHAIRPERSON:** And that was the position even before the first meeting?

MS SIZAKELE PETUNIA MZIMELA: That's correct Chair.

CHAIRPERSON: So in effect what you were being told to do, both by Mr Goyle but maybe more importantly by Mr Mahlangu who was advisor to the Minister was, do something that would be contrary to a Board

decision.

MS SIZAKELE PETUNIA MZIMELA: That's correct Chair.

CHAIRPERSON: Yes okay.

ADV VERUSCHKA SEPTEMBER: Did Mr – did Minister Gigaba contribute at any stage in this meeting?

MS SIZAKELE PETUNIA MZIMELA: Because Mr Daka was now addressing Mr Gigaba directly in his comments, this is the point at which Mr Gigaba then responds and he responds by just simply stating that he will still like SAA and Jet Airways to try and find each other,
10 those are his words, to try and find each other.

ADV VERUSCHKA SEPTEMBER: And then what happens?

MS SIZAKELE PETUNIA MZIMELA: And then what happens is that at this point, he then says, the Jet Airways personnel must be invited into the meeting. So once again they're inviting Jet Airways personnel to join the meeting, we were not aware that they were sitting outside the meeting, just as much as we were not aware that the discussion for the day related to the Johannesburg/Mumbai route.

ADV VERUSCHKA SEPTEMBER: Did any further discussions take place then, in relation to the Mumbai route after Jet Airways
20 representatives joined the meeting?

MS SIZAKELE PETUNIA MZIMELA: No Chair, because they walk in, they are introduced, that is Mr Gwena, representative, so the introduction is more – I mean with Mr Teddy Daka who had not met them up until that point and it is essentially to say, these are the Jet Airways people and again Mr Gigaba repeats how he would like to get

Jet Airways and SAA to find each other but nothing further. It's not like they sit down, like the first meeting, where we have like a further discussion as to what is meant by this, try and find each other, it's just an introduction and that is where the meeting actually ends.

CHAIRPERSON: And this is circumstances where a meeting was held at which – which was attended by SAA, Jet Airways and chaired by Mr Gigaba at which it was quite clear that the parties were not anywhere close to discussing the same thing. The one was discussing that – or was saying the other must pull out of the route and the other one was
 10 saying, well we can talk about a partnership and then there had been a meeting which didn't involve the Department of Public Enterprises, between SAA and Jet Airways, again, the report you got was, no progress was made and then there was this meeting which maybe it is difficult to say was attended by Jet Airways because they were not there during the meeting but they came at the tail end and not much was discussed after that where it was quite clear that between SAA and whoever was at the meeting who spoke in favour of the closure of the route there was a big gap, is my understanding correct?

MS SIZAKELE PETUNIA MZIMELA: Your understanding is correct
 20 Chair.

CHAIRPERSON: Okay and is that how the meeting ended namely with the Minister suggesting that SAA and Jet Airways should continue to try and find each other?

MS SIZAKELE PETUNIA MZIMELA: That is correct Chair.

CHAIRPERSON: Okay.

ADV VERUSCHKA SEPTEMBER: Did Minister Gigaba give any directive at the end of the meeting on further engagements?

MS SIZAKELE PETUNIA MZIMELA: What he indicated is that the DG would then be tasked to ensure that the discussions took place and would be managing any further, or coordinating any further discussions between – from his side in any rate, coordinating any further discussions between Jet Airways and SAA.

CHAIRPERSON: Do you know whether the Minister might have certain benefits that he thought were quite important to both parties if they
10 were to reach agreement, did he share with you, maybe any particular benefits that he felt were really important that SAA could obtain if the parties could reach agreement?

MS SIZAKELE PETUNIA MZIMELA: No Chair he didn't share anything in that regard and as much as these are the examples I'm using in my testimony, I will still make the point that each time we were taken by surprise in terms of the importance the Department was placing on this route because we would attend the meetings, but going back into the organisation you prioritise the things that are important. So discussions are ongoing but for us it was not a priority we had so
20 many other things which were of much greater importance to the organisation than this Jet Airways (indistinct) Chair, as much as it would have actually – we were happy to have discussions because it then proved our performance on the Johannesburg/Mumbai but it was really not the top of our priority list. So it continued to puzzle me as to the amount of time and effort that the Department was spending in

trying to find a solution or find a workable solution between SAA and Jet Airways.

CHAIRPERSON: And each time these meetings happened they happened at very short notice certainly for SAA.

MS SIZAKELE PETUNIA MZIMELA: Yes Chair.

CHAIRPERSON: Now have you had much experience in dealing with advisors of Ministers in the positions you had held before this encounter with the Minister – Minister Gigaba’s advisor, Mr Mahlangu?

MS SIZAKELE PETUNIA MZIMELA: No Chair, I was – I had not, that
10 was something that I actually found quite strange as well between the experience under the then, Minister Barbara Hogan and Minister Gigaba at the time, was that I knew, and I was aware that Minister Hogan had advisors at the time, but they had never involved themselves with the day – I’d say day-to-day or operational matters pertaining to the entities. My understanding was that the advisors were there to advise the Minister and even if they’re present in the meetings with each of the entities, that the main role was to advise the Minister but it was different with Mr Siyabonga Mahlangu. It just changed, I mean overnight, this was an individual who would spend a lot of time within
20 the SAA system getting involved in matters such as this but even beyond where he had a very great interest in other issues especially pertaining to procurement within SAA which was very odd.

CHAIRPERSON: Okay thank you.

ADV VERUSCHKA SEPTEMBER: Do you recall ever meeting with the Minister again regarding this particular issue of the Mumbai route?

MS SIZAKELE PETUNIA MZIMELA: No I don't recall any further meeting pertaining to the Mumbai route.

ADV VERUSCHKA SEPTEMBER: And so let's put things into a time perspective, with your help of course. Through your evidence you've informed that, as we know, that Minister Malusi Gigaba was appointed on the 1st of November 2010, is that correct?

MS SIZAKELE PETUNIA MZIMELA: That's correct.

ADV VERUSCHKA SEPTEMBER: And the first engagement that you have with him, particularly in relation to this, of the Mumbai route, is on
10 the 10th of January 2011 when you get called to a meeting in relation to that.

MS SIZAKELE PETUNIA MZIMELA: Yes.

ADV VERUSCHKA SEPTEMBER: On the 24th of January there's a follow-up meeting which is held at the direction of the Minister at the time for the parties to collaborate and see how they can find each other, on the 11th of April 2011 you write a detailed memorandum which gives a full update as to what the Mumbai route – or rather the status of the Mumbai route, is that right?

MS SIZAKELE PETUNIA MZIMELA: That's correct.

20 **ADV VERUSCHKA SEPTEMBER:** About three days later, on the 14th of April – or rather let me precede that by saying that on the 11th of April when you write this memorandum you send it to the DG who is also in attendance at the meeting on the 14th of April, which is but three days later after the date of that memorandum, is that right?

MS SIZAKELE PETUNIA MZIMELA: That's correct.

ADV VERUSCHKA SEPTEMBER: And this is all in the context of monthly meetings that take place between SAA and DPE on operational and financial updates which arise out of the government guarantees that have been given to SAA is that correct?

MS SIZAKELE PETUNIA MZIMELA: That's correct.

ADV VERUSCHKA SEPTEMBER: On page 25 of the bundle, there – you were presented with a letter by the Commissions investigators and I understand that you've considered that letter.

MS SIZAKELE PETUNIA MZIMELA: That's correct.

10 **ADV VERUSCHKA SEPTEMBER:** Can I ask you to please turn to page 127 which unfortunately is another one of these letters that, despite efforts we could not find a better copy of. Have you considered this letter Ms Mzimela?

MS SIZAKELE PETUNIA MZIMELA: From what I can read because it's not a very clear document, but yes I see that the letter is a letter that's addressed to me by the DG and it talks specifically about the Mumbai/Johannesburg route and this is the DG requesting very detailed information from SAA relating to the Mumbai route.

ADV VERUSCHKA SEPTEMBER: And just for the record on page 128 it
20 appears that the date of the letter is 9 May 2011 from what I can see and on page...(intervention).

CHAIRPERSON: That looks like 3 May 2011, that looks to me like 3 rather than 9.

ADV VERUSCHKA SEPTEMBER: We've been informed that it's a 9.

CHAIRPERSON: Is it a 9, okay.

ADV VERUSCHKA SEPTEMBER: In fact that would also accord with what she's written in paragraph 66 of ...(intervention).

CHAIRPERSON: Ms Mzimela do you have a better idea whether it's a 9 or another number – another date?

MS SIZAKELE PETUNIA MZIMELA: I cannot confirm Chair because to me it looks like it says 35.

CHAIRPERSON: Okay alright.

ADV VERUSCHKA SEPTEMBER: We'll resolve on May 2011 then.

CHAIRPERSON: Yes okay no that's fine.

10 **ADV VERUSCHKA SEPTEMBER:** On page 129, is a list of detailed information that appears to be requested, in fact it lists 14 items. What comment do you have to the type of information that was requested by the DG from you?

MS SIZAKELE PETUNIA MZIMELA: I think my comment would be that this information is very detailed in it's nature, it's the type of information that the team would have actually utilised to even come up with the recommendation on what we should be doing on Johannesburg/Mumbai because it actually talks to issues like cargo loads, the split of revenue, seat capacity, cargo revenue, profitability, 20 market share. It's the type of information that the commercial team would have interrogated in coming up with the position on recommendation on what we do on the Mumbai route. So my sense in terms of this request is that it actually felt like, oh somebody is going to redo the analysis that has already been done by SAA- by the SAA team which could only imply that you do not trust what you've been

provided.

ADV VERUSCHKA SEPTEMBER: Do you know whether or not this information was indeed provided to the DG?

MS SIZAKELE PETUNIA MZIMELA: I would imagine that it was, I do not fully recall as I say but any request that actually came through and was a written request to the organisation we would always respond.

CHAIRPERSON: You said that at the end of the meeting in Cape Town where the Jet Airways representatives were called at the end of the meeting, were called in at the end of the meeting, you said something
10 like the Minister suggested that going forward, the DG should play some role in trying to help SAA and Jet Airways to reach some agreement, is that right?

MS SIZAKELE PETUNIA MZIMELA: That's correct Chair.

CHAIRPERSON: So this letter from the DG may have been pursuant to that suggestion by the Minister?

MS SIZAKELE PETUNIA MZIMELA: Indeed Chair except that it still surprised me in terms of the level of detail.

CHAIRPERSON: Yes that was requested.

MS SIZAKELE PETUNIA MZIMELA: Yes.

20 **CHAIRPERSON:** What was your understanding of what that suggestion meant in terms of the role that the DG was going to play, did you have a clear picture of what the suggestion implied he would do, would he call the parties and chair the meeting and try and get them to agree, or exactly what he would do, was that clear to you?

MS SIZAKELE PETUNIA MZIMELA: The Minister, at the meeting did

not make it very clear as to what role the DG was supposed to play but the way in which I interpreted his statement or him saying that the DG will play a much bigger role, is to – I understood it that the DG would ensure that meetings are taking place and that we are continuing to try and maybe speed up a resolution on a partnership, not to actually get involved in the actual analysis.

CHAIRPERSON: Of course you say on the partnership, Jet Airways may have been saying on the closure of the airline but the Minister had used partnership at the meeting?

10 **MS SIZAKELE PETUNIA MZIMELA:** No the Minister had just said he wants Jet Airways and SAA to find each other.

CHAIRPERSON: Okay thank you.

ADV VERUSCHKA SEPTEMBER: And then just on closure of that Cape Town meeting what happened a few days after that meeting held in Cape Town where Siyabonga Mahlangu - Mr Siyabonga Mahlangu had made these personal, verbal “attacks” on you?

MS SIZAKELE PETUNIA MZIMELA: So what happened – because the meeting didn’t end very well as you can imagine but a few days later I got a call from Mr Mahlangu and he asked for us to actually meet very
20 quickly at the Intercontinental at the airport, it’s not far from our offices and I agreed to meet with him, curious of course to understand what the meeting was all about and at that meeting he basically – he was apologising, so he came and he was saying he wanted to actually apologise by the way he handled himself at the meeting, he accepts that it was incorrect and it was disrespectful of him to actually speak to

me in the manner that he did but he goes on to say that I need to understand though that he was only doing his job.

CHAIRPERSON: Yes and what did you say about that part, that he was doing his job?

MS SIZAKELE PETUNIA MZIMELA: Chair I just listened to that I didn't say anything. I think on the one level I appreciated the fact that he had actually come through and acknowledged that he needed to apologise but I didn't want to get into a further discussion as to what does he mean that he was doing his job.

10 **CHAIRPERSON:** Okay.

ADV VERUSCHKA SEPTEMBER: Then just to clarify what you state in your affidavit, Ms Mzimela at page 24 paragraph 62.1, the last sentence there is that,

“he personally apologised to me for his bad behaviour and informed me to the effect that at the end of the day, he was just doing his job and acting on instruction”,

Does that part of your sentence remain to be true and correct?

MS SIZAKELE PETUNIA MZIMELA: What that he was acting on instruction?

20 **ADV VERUSCHKA SEPTEMBER:** Yes.

MS SIZAKELE PETUNIA MZIMELA: Those may not have been his exact words, that's why I'm saying the gist of the – his apology to me that he was only doing his job and essentially working on instruction to do what he did at the meeting or to behave in the manner that he did at the meeting.

CHAIRPERSON: So are you saying, he might not have used the words, that he was acting on instruction but whatever words he used, you say, meant the same thing?

MS SIZAKELE PETUNIA MZIMELA: That's correct Chair.

CHAIRPERSON: Yes did you have an understanding of who he was talking about as having given him an instruction?

MS SIZAKELE PETUNIA MZIMELA: As a person who is advisor to the Minister my assumption was that he can only be taking instruction from his boss who is the Minister.

10 **CHAIRPERSON:** Okay.

ADV VERUSCHKA SEPTEMBER: Can we then go to page 25, paragraph 69 and you talk about headway that is then made between the two parties, being SAA and Jet Airways. What happens on the 29th of November 2011 and the 14th of December 2011?

MS SIZAKELE PETUNIA MZIMELA: So according to this, I make the point that at some point, because we continued to have discussions with Jet Airways that at some point in 2011 Jet Airways conceded to what SAA was actually proposing and that there was a letter of intent that was signed on the 29th of November 2011 and that on the 14th of
20 December 2011 the two entities signed an MOU to enter into a code-share agreement. What is relevant at this point, is that at the point that this actually happens, Jet Airways has now taken the decision to terminate their operations on the Mumbai/Johannesburg route.

CHAIRPERSON: Okay Ms September, I've lost where you are.

ADV VERUSCHKA SEPTEMBER: Page 25 of the bundle paragraph 69

which continues on page 26.

CHAIRPERSON: Okay thank you. So Jet Airways concedes sometime during late in 2011 that – or conceded to the option of code-sharing?

MS SIZAKELE PETUNIA MZIMELA: Yes.

CHAIRPERSON: Okay.

ADV VERUSCHKA SEPTEMBER: Thank you, is it correct that certain approvals may have been required for finalisation of a service level agreement between – a code-share agreement, sorry between Jet Airways and SAA?

- 10 **MS SIZAKELE PETUNIA MZIMELA:** I the case, by the time the actual code-share agreement is being concluded with Jet Airways what has happened, you'll recall that I said Jet Airways was – had come on to the route was operating the seven frequencies, they then indicate to us as part of the discussions that they're looking to possibly reconsider the position on operating on Johannesburg/Mumbai and in fact they then make the decision to – they initially announced it initially as a suspension of their service for a period of time but we knew that they were withdrawing from the route completely. What that does is that it obviously changes the dynamics because we have competition rules
- 20 that actually stipulate that if there is one carrier on the – if there is one carrier on the route and we are both going to code-share, in order to make sure that it is not seen as collusion especially because they had operated – were pulling out in order to code-share with us there was a need, we felt as the SAA team, to get an opinion, firstly to say should we be applying for an exemption in relation to the code-share

agreement with the Competitions Commission or not and an opinion was obtained and it indicated that, indeed, we should apply for an exemption because we're trying to avoid finding ourselves where we get fined by the Competitions Commission for having broken any of the rules. I think for those that remember what was happening around SAA at that point in time there were a number of anti-competitive matters that SAA was dealing with. So we were being extremely careful in ensuring that we do not fall foul of the competition issues.

ADV VERUSCHKA SEPTEMBER: And did this then eventually
 10 culminate in an agreement being concluded between the parties?

MS SIZAKELE PETUNIA MZIMELA: Yes it did and it did culminate an agreement being concluded which is a code-share agreement with SAA operating the route, Johannesburg/Mumbai with SAA benefiting from that behind and beyond network of Jet Airways and likewise Jet Airways then could put their code as a marketing carrier, not operating carrier, as a marketing carrier onto the SAA route from Mumbai to Johannesburg and to some of the points in South Africa.

ADV VERUSCHKA SEPTEMBER: And in the lead up to the conclusion of this agreement was there any engagement with the Department of
 20 Public Enterprises and the DG in particular in order to facilitate processes?

MS SIZAKELE PETUNIA MZIMELA: Indeed there was an engagement, as I indicated that when we received the opinion that indicated that it would be good for us, I mean, to apply for an exemption from the Competitions Commission we then wrote to the DG

to assist us to try and facilitate a quicker response from the Competition Commission because we had been advised that ordinarily it actually takes about six to twelve months to – sometimes, to get a response back from the Competition Commission.

ADV VERUSCHKA SEPTEMBER: Then can I ask you to please turn to page 148.

MS SIZAKELE PETUNIA MZIMELA: Yes.

ADV VERUSCHKA SEPTEMBER: Is this the code-sharing agreement that was concluded between the parties on the 1st of October 2012?

10 **MS SIZAKELE PETUNIA MZIMELA:** That is correct.

ADV VERUSCHKA SEPTEMBER: Is it correct that his agreement was concluded shortly before you left the organisation?

MS SIZAKELE PETUNIA MZIMELA: Based on the date, indeed it was the case.

ADV VERUSCHKA SEPTEMBER: And then can I ask you to please turn to page 180 and there appears to be the signatures of the contracting parties, who signed on behalf of South African Airways?

MS SIZAKELE PETUNIA MZIMELA: The person that signed on behalf of South African Airways is Mr Theunis Potgieter who was the GM of
20 commercial at that time together with Mark Cavaleur who was the head of global sales and alliances at South African Airways.

ADV VERUSCHKA SEPTEMBER: And whose names appear as signatories on behalf of Jet Airways India Limited?

MS SIZAKELE PETUNIA MZIMELA: It says here a Mr Nico Kadassis? and a Raj Sivakhuma? I don't know them.

ADV VERUSCHKA SEPTEMBER: And then you have actually brought the following page to our attention and that is on page 183.

MS SIZAKELE PETUNIA MZIMELA: Yes.

ADV VERUSCHKA SEPTEMBER: Can you please inform what your concern was around this particular page?

MS SIZAKELE PETUNIA MZIMELA: My concern did not relate only to page 183 but it related to page 181 to 183 which is the Appendix A of the agreement and what I brought to your attention is that I can confirm that this agreement was the agreement that was signed because I know
10 that this was the GM commercial Theunis Potgieter who was in place when I was at SAA an in charge of this communication but I had raised a concern in relation to page 181 to 183 which is Annexure 1 that forms part of this agreement, simply because Annexure 1 is now signed by different people to the individuals that signed the rest of the document being Theunis Potgieter and Mark Cavaleur.

ADV VERUSCHKA SEPTEMBER: Thank you and so because you resigned in October 2012 which is but a few days later, you were not aware of how this particular agreement was implemented, is that right?

MS SIZAKELE PETUNIA MZIMELA: That's correct.

20 **CHAIRPERSON:** Before we talk about implementation, the Annexure about which you have expressed the concern that you have just articulated, is that Annexure referred to in the agreement?

MS SIZAKELE PETUNIA MZIMELA: Yes Chair.

CHAIRPERSON: And I see that there is no indication on the page – the last page of that annexure as to when those who appended their

signatures there actually appended their signatures. Do we know whether that annexure was signed on the same day as the actual agreement?

MS SIZAKELE PETUNIA MZIMELA: Chair what I was raising was precisely that. To say there is no way that this annexure would have been signed on the same day.

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: That the agreement was signed.

CHAIRPERSON: Yes because same people would have signed.

10 **MS SIZAKELE PETUNIA MZIMELA:** Because – yes because had it been signed on the same day the actual GM of commercial would have been the one signing this annexure as well.

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: And he will – and you will note that the annexure A then gets signed by an acting GM of commercial.

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: Mr Manoj Papa.

CHAIRPERSON: Yes.

20 **MS SIZAKELE PETUNIA MZIMELA:** And the person who pp's with him is also not [indistinct] somebody puts a pp on behalf of Mark.

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: Yes.

CHAIRPERSON: And so – so your point is you have an agreement that refers to a certain annexure;

MS SIZAKELE PETUNIA MZIMELA: That is correct.

CHAIRPERSON: The agreement is signed on the same – on a certain day.

MS SIZAKELE PETUNIA MZIMELA: Yes.

CHAIRPERSON: The annexure is also signed but the two are signed by different people, is that right? It is not everybody who is different or the – but some are different?

MS SIZAKELE PETUNIA MZIMELA: They are – the annexure A is signed by two totally different people on behalf of SAA.

CHAIRPERSON: Yes.

- 10 **MS SIZAKELE PETUNIA MZIMELA:** As opposed to the rest of the document and the rest of the annexures.

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: That are aligned to the document.

CHAIRPERSON: Oh so you are able to say not only in relation to the agreement but also when you compare with other annexures. So the other annexures were signed by the people who signed the agreement?

MS SIZAKELE PETUNIA MZIMELA: That is correct Chair.

CHAIRPERSON: This is the only annexure which has different signatures, different people signing on behalf of SAA?

- 20 **MS SIZAKELE PETUNIA MZIMELA:** That is correct Chair.

CHAIRPERSON: Yes and then you say based on that could not have been signed at the same time?

MS SIZAKELE PETUNIA MZIMELA: That is correct Chair.

CHAIRPERSON: Ja. At that time had you had a chance to see the annexure A that was supposed to have been part of the agreement I

just want to see whether if you had seen it whether it was different in terms of content to this one that we see now?

MS SIZAKELE PETUNIA MZIMELA: Um.

CHAIRPERSON: Or you might not have taken note?

MS SIZAKELE PETUNIA MZIMELA: No Chair. From a SAA perspective the reason why it is there the GM of commercial and the head of Global Sales and Development and Alliances who signs this because at that point they do have I mean delegated authority to sign agreements on anything which is revenue enhancing in their space. So I would have
10 been aware for example which is what I confirm that I am aware that we actually signed you know the letters or the MOI's and the letter of intent and the MOI but the actual conclusion of the agreement the team would have worked with their respective departments within the organisation in terms of setting out the detail along the principles that had been agreed. So I cannot say this is how the first annexure looked like.

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: Without actually having it in front of me.

20 **CHAIRPERSON:** Yes. But based on what you knew to be the principles that were supposed to guide your team in whether to sign or not to sign or negotiating an agreement are you able to say whether or not the contents of this annexure signed by a team different from the one that signed the agreement whether the contents appear to be in line with those principles or is that something that you have not had a chance to

reflect on?

MS SIZAKELE PETUNIA MZIMELA: I can confirm Chair that they would be line with the principles but the detail though is important.

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: Because whenever we say something is reciprocal if I give you access to Johannesburg – Cape Town – Johannesburg – Cape Town is a lot more valuable than Johannesburg – PE.

CHAIRPERSON: Well...

10 **MS SIZAKELE PETUNIA MZIMELA:** For argument sake.

CHAIRPERSON: I am happy you did not say Johannesburg – Durban.

MS SIZAKELE PETUNIA MZIMELA: I tried to avoid that Chair. Is a lot more valuable for maybe SAA than Johannesburg – PE. So whenever we talk about reciprocal benefit you also look at that type of detail. So that is why I am saying in terms of the principles or basically saying we provide them with beyond point out of Johannesburg and equally they do so out of Mumbai that is correct and it is here and it is line. But the actual detail which is then contained in annexure 1 I am not too sure whether it is completely aligned because it then depends on which
20 routes we gave for what.

CHAIRPERSON: So would it be correct then to say you are simply drawing attention to the fact that this annexure was signed by a different team on the side of SAA to the team that signed the agreement and all the other annexures but whether its contents – whether there is something wrong with the contents that is something

you are not able to say?

MS SIZAKELE PETUNIA MZIMELA: That is correct Chair.

CHAIRPERSON: Okay alright. Thank you.

ADV VERUSCHKA SEPTEMBER: Thank you Chair.

CHAIRPERSON: It would be good to know even if by way of a supplementary affidavit it would be good to know whether if you take time after today to have a look whether you are able to draw my attention to any significant – anything significant in terms of what you expected and so I suggest that at the earliest opportunity later today or
10 after today get a chance to have a look and be in touch with the evidence leader and if need be a supplementary affidavit can be prepared to say you have had a look these are the observations you want to make if any. If there are no particular observations you want to highlight you can just tell the evidence leader that you had a look but there is really nothing you want to say.

MS SIZAKELE PETUNIA MZIMELA: Chair I would like to actually raise that it would be impossible for me to be able to do that in the absence of actually getting a copy of the original annexure A so that I can look to see what is the difference between the first annexure A and this one
20 here.

CHAIRPERSON: Yes. Well you can ask – you can if – I mean the legal team can try and see if that can be facilitated.

MS SIZAKELE PETUNIA MZIMELA: Yes Chair.

CHAIRPERSON: So just ask them to facilitate you getting that. Okay thank you.

ADV VERUSCHKA SEPTEMBER: We will certainly do our best to try to obtain the original if one so exists. Chair at this particular....

CHAIRPERSON: And I think it is important because it is queer if one annexure out of a number of annexures and the agreement is signed by a different team and all the others and the agreement are signed by different – another team but it may be that

1. there is no problem with the content or – and
2. there is an explanation.

Okay thank you.

10 **ADV VERUSCHKA SEPTEMBER:** Thank you Chair. Chair this commission will recall before we move onto the next topic that evidence was placed before it by the witness of Ms Vytjie Mentor and that was on the 27 or 28 August 2018 where she specifically her version on matters relating to the Mumbai route. And in this regard I would like to ask Ms Mzimela firstly before I advance the summary that I have put together of that evidence if you are aware that Mr Vytjie Mentor had given evidence before this commission in relation to the Mumbai route.

MS SIZAKELE PETUNIA MZIMELA: Yes I am aware.

20 **ADV VERUSCHKA SEPTEMBER:** Chair in my own words having considered the evidence it is understood that when Ms Vytjie Mentor attended the residence of the Gupta's she was offered by Mr Ajay Gupta the position of Minister of Public Enterprises in the recent future when the President was going to reshuffle the cabinet. At that time Minister Barbara Hogan was going to be reshuffled. She – Minister Hogan being the incumbent to that position. Ms Vytjie Mentor informed

that she would become Minister if she agreed to abolish the South African India South Africa route. She also informed that when she was asked – when she asked sorry – when Ms Mentor asked Mr Gupta about what would happen to passengers and cargo for that route Mr Gupta informed.

CHAIRPERSON: Well – yes well why do you not – if there is something to put to this witness why do you not just put it to the witness to say if you want her comment. I cannot remember anything that Ms Mentor said that may have related to this witness but it is a long time ago
10 maybe I have forgotten I cannot remember.

ADV VERUSCHKA SEPTEMBER: As it pleases Chair then I will...

CHAIRPERSON: Is there anything that in her evidence that needs to be put to this witness?

ADV VERUSCHKA SEPTEMBER: Yes Chair in fact I would like her to comment on the version that had been presented.

CHAIRPERSON: I think just go straight to it.

ADV VERUSCHKA SEPTEMBER: I will do that then. Ms Mzimela it was the evidence before this commission that Ms Vytjie Mentor when attending the residence of the Gupta's was offered by Mr Ajay Gupta
20 the position of the Minister of Public Enterprises in the recent future when the President was going to reshuffle cabinet. It was also her evidence that Minister Barabara Hogan at the time was going to be reshuffled.

CHAIRPERSON: I am sorry I think you starting far.

ADV VERUSCHKA SEPTEMBER: Sorry?

CHAIRPERSON: I think start much closer to where you must ask her. I think you starting far at the back. What did she say, what did Ms Mentor say that concerns this witness?

ADV VERUSCHKA SEPTEMBER: Chair the version that I wish to put to this witness for comment is more so about the sequence of events and whether or not she has any comments to the version that had been put.

CHAIRPERSON: What is the sequence that is important for this witness to comment on? Is there anything that this witness has said in terms of sequence that is inconsistent with the sequence that was given
10 by Ms Mentor?

ADV VERUSCHKA SEPTEMBER: Excuse me Chair.

CHAIRPERSON: Is there any sequence of events that has been given by this witness that is inconsistent with the sequence of events that was given by Ms Mentor.

ADV VERUSCHKA SEPTEMBER: No Chair but we do believe that this witness has comment to the sequence of events.

MS SIZAKELE PETUNIA MZIMELA: Yes what is it that is what I want to know? What did she say that is Ms Mentor that you think is inconsistent with what the witness has said?

20 **ADV VERUSCHKA SEPTEMBER:** Ms Mentor – in a nutshell Ms Mentor was offered the position of the Minister of Public Enterprises on the basis that she stops the South Africa and Mumbai route.

CHAIRPERSON: Yes this witness [not speaking into microphone]

ADV VERUSCHKA SEPTEMBER: I accept that Chair.

CHAIRPERSON: Yes.

ADV VERUSCHKA SEPTEMBER: The next point is that Ms Barbara Hogan was the incumbent of the position at the time which accords with this particular witness' evidence during her tenure as Group Chief Executive Officer.

CHAIRPERSON: Yes you do not want to put what is consistent with what she has said.

ADV VERUSCHKA SEPTEMBER: Having said that there was also evidence given that Mr Gupta informed Ms Mentor when asked about what is to happen to the passenger and cargo that Mr Gupta informed
10 that they were in partnership with an airline Jet Airways and that they would see to that.

CHAIRPERSON: Yes.

ADV VERUSCHKA SEPTEMBER: Ms Mentor rejected the offer.

CHAIRPERSON: Yes but what does that have to do with this witness.

ADV VERUSCHKA SEPTEMBER: And Mr Malusi Gigaba...

CHAIRPERSON: That is the question.

ADV VERUSCHKA SEPTEMBER: Sorry Chair.

CHAIRPERSON: But what does that have to do with this witness, the evidence of this witness?

20 **ADV VERUSCHKA SEPTEMBER:** This witness is certainly poised to be in a position to share with this commission her observations based on her engagement with the ministry in relation to this route and to the extent that she can offer her observations specific to her role.

CHAIRPERSON: Yes observation.

ADV VERUSCHKA SEPTEMBER: We would appreciate...

CHAIRPERSON: Yes she has told us about two meetings that she attended which involved the Minister and where the issue of the Mumbai route was discussed. So far I am not understanding what it is that you want to put to her? Is there something that Ms Mentor said which is inconsistent with what this witness has said or is there something else that she said which might not be inconsistent with what this witness has said but which you would like this witness to see whether she can confirm?

ADV VERUSCHKA SEPTEMBER: Let me ask the question then
10 differently through you Chair. Ms Mzimela was there any peculiarity in your experience and observations when engaging with Minister Gigaba and his office specific to the focus on the Mumbai route and its closure?

MS SIZAKELE PETUNIA MZIMELA: Chair I think I have already highlighted the fact that I did find it strange as to amount of attention that this route was being given.

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: And from the Ministry in the context of all of the other routes

20 **CHAIRPERSON:** Yes.

MS SIZAKELE PETUNIA MZIMELA: That were probably a lot more significant to SAA that is the one. I did equally find it strange that there was so much urgency each time that we needed to be – in response to issues relating to this matter.

CHAIRPERSON: Thank you.

ADV VERUSCHKA SEPTEMBER: Thank you. We then now on page 29 where you talk about the Minister's advisor in particular Ms Siyabonga Mahlangu.

MS SIZAKELE PETUNIA MZIMELA: Yes.

ADV VERUSCHKA SEPTEMBER: You address his conduct from page 82 until 85 on page 31. Can you explain Mr Siyabonga Mahlangu's involvement in the operations or the workings of SAA relative to the position that he had?

MS SIZAKELE PETUNIA MZIMELA: So Chair I had actually indicated
10 that the difference between the advisors during Ms Hogan's time and Mr Gigaba's time is that we hardly saw the advisors. We only saw them when the Minister was actually present. And the difference with Mr Siyabonga Mahlangu is advisor to the Minister is that he seemed to have a very keen interest on SAA's operations and in particular the procurement side. In my affidavit I actually give two examples which confirm some of that unusual behaviour. And the first being in relation to an IT procurement tender where he seemed to have a very keen interest as to you know how that procurement process was being handled and I make the point as well that his approach would always be
20 on the basis of indicating that he is only trying to respond to queries that have been raised by black owned companies who feel that they are being excluded from some of these tenders. I in particular – and I – in my documents I indicate that my response to him always was that and especially in relation to the IT tender. Firstly even I had to go back to understand what was he talking about because it is not as if I would

actually pay particular interest and on anything which part of the procurement process and was able to say he needs to be just to clarify SAA's position that it is not about trying to exclude black owned companies that sometimes it is a matter of whatever is actually required being a very specialised system. It might come across to people who do not understand that we are just simply looking for an IT system but the type of tender that he had an interest on was an IT platform that basically supports passenger bookings and so forth highly specialised. So that was my one response to him in assisting or
10 attempting to assist him to respond to the issues that he raises that it is black owned companies that are complaining that SAA is excluding them from the process. But I equally indicated that I – from a personal perspective that I do not get involved in good corporate governance is such that there are certain processes and procedures that are in place to ensure that we follow the right processes and there is complete transparency on how issues are processed by the procurement department. And one of those is to ensure that even a person like me who is the Group CEO at that point in time do not get involved in who is going you know being chosen. You only get involved at the point at
20 which someone comes with a recommendation to be signed off and even then provided that it is above their delegated authority for approval. If it is one of those that requires Group CEO approval then it would make it to my table and at that point I then need to apply my mind in ensuring follow the correct processes and I understand what was the background for them to recommend whoever it is they are

recommending at that point in time. So that was my response but I bring this and I include this here because it was not I mean the only time that he seemed to have really I mean a big interest on procurement within the SAA space. I also make particular reference to feedback that I had received from Advocate Coetzee who also had attended a meeting relating to setting up a panel of lawyers for the SOC's or there had been a meeting called by the SOC heads again it was on the basis that the black legal profession was raising concerns that they are not being given equal opportunity with regard to some of
10 the work that is being undertaken on the SOC's. And her feedback to myself is that the meeting which was meeting of all of the SOC legal individuals accepted that position and responded to basically saying yes because all of us would always be geared in terms of trying to do our bit in transforming some of those areas that it would be something which would be a key focus area. But she in sharing her feedback with me raised that she was though quite surprised at that very meeting because when her people in the meeting said we are happy to actually support the initiative and have always been aligned to try and improve the transformation however whatever gets done must be done according
20 to internal processes. That it is at that point that Mr Mahlangu seemed to get quite upset and he took over the chairing of that meeting because he was not chairing that meeting to say no, no, no he is not very happy with people now telling him that they would still need to go back into their systems to ensure that whatever they do it is not breaking any governance not breaking any compliance issues within

their own organisations.

ADV VERUSCHKA SEPTEMBER: Before you move onto the next paragraph at 85 on page 30.

MS SIZAKELE PETUNIA MZIMELA: Ja.

ADV VERUSCHKA SEPTEMBER: Chair the affidavit of Advocate Sandra Coetzee which talks to these experiences that she had with Siyabonga – Mr Siyabonga Mahlangu is at page 221 to 22 paragraphs 22 to 25. Please continue at paragraph 85 Ms Mzimela.

MS SIZAKELE PETUNIA MZIMELA: I also Chair I can detail that Mr
10 Mahlangu in particular was always I mean one of those people that
would actually accuse me of saying you know you are not a team
player. You are not a team player whatever that actually meant you
know I mean to him and it seemed like the bigger problem that he had
or me being described as a team player is that he was raising issues
that were never the – as I indicated under Barbara Hogan's time
whenever there was a request to the organisation it would be in writing.
What we found which was different in – under the then Minister was
that all of a sudden we started to get all of these verbal requests for
information which made us very uncomfortable because that was not
20 the way in which we were used to operating. So as a result in most
instances we would find ourselves confirming in writing from the SAA
side the discussions that had been held with any of the officials within
DPE and he seemed to take issue with that that we always want to
reduce these discussions into writing because it would really be either
myself or the team to just basically say just in summary as per the

discussion that we had the following was raised by yourself and this is our position with regards to these matters.

CHAIRPERSON: And you just wanted to have a record of what had been discussed?

MS SIZAKELE PETUNIA MZIMELA: Indeed Chair because the level – the reason why we were uncomfortable firstly they were beginning – especially when it comes to procurement issues. For us it was important to make sure that it is actually documented because it was unusual for a person like Mr Siyabonga Mahlangu to be requesting the
10 type of information that he was requesting. Even if it was guided in his view by good intentions of ensuring that there was a change or improvement in the participation of black I mean individuals. So it was important to actually put that in writing. It was also an issue where the organisation had no problem with that and in fact we had a board that itself would always be quite considerate of how we were trying to do our bit in transforming each of the areas in our business. So for me it was a little bit uncomfortable to be having a discussion which the board would not be privy to especially because there is no record of this discussion or these discussions that we are having with the
20 department. And therefore it was important to be able to put in writing the issues that were raised but equally to put in writing what or view point was in regard to that. Otherwise we would probably not be portraying the organisation correctly in being accused of not focussing on transformation issues and yet we were.

CHAIRPERSON: Hm.

ADV VERUSCHKA SEPTEMBER: Page 31 from paragraph 86 you document the events which led to your resignation.

MS SIZAKELE PETUNIA MZIMELA: Ja.

ADV VERUSCHKA SEPTEMBER: Can you please...

CHAIRPERSON: Wait I am sorry Ms September maybe this might be an opportune time to take a short break, comfort break.

ADV VERUSCHKA SEPTEMBER: No problem Chair.

CHAIRPERSON: It will just be ten minutes so we will resume at five past four. Ms Mzimela you may or may not have had in mind that we
10 would finish at four what is your situation if we continue beyond four to try and finish your evidence? Is that fine with you?

MS SIZAKELE PETUNIA MZIMELA: Yes Chair I would really like to request that we do.

CHAIRPERSON: You would prefer that?

MS SIZAKELE PETUNIA MZIMELA: Finish today.

CHAIRPERSON: Okay alright. Okay let us take the short adjournment. We adjourn.

REGISTRAR: All rise.

INQUIRY ADJOURNS

20 **INQUIRY RESUMES**

ADV VERUSCHKA SEPTEMBER: Ms Mzimela before the short adjournment you were about to address the situation of the Board of Directors during the year of 2012. Can you please proceed to do so?

MS SIZAKELE PETUNIA MZIMELA: So what I – Chair is that during – I mean - 2012 the relationship between the Board, Management and the

Ministry became more and more difficult and ...

CHAIRPERSON: Had the Board changed in the meantime or was it still the same Board that was there when you started as CEO in 2010?

MS SIZAKELE PETUNIA MZIMELA: It was the same Board Chair. It was the same Board but I think the same Board started to feel more and more the frustrations between reporting to the previous Ministry and reporting to the – to the then Ministry at that point in time because they did not seem to be – let me not say - an understanding of the urgency on some of the matters but just to use the example even of
10 Mumbai that there was a lot of attention paid – paid to matters such as that which were of least priority and all of the other things that required a lot more urgent attention were not getting proper responses in relation to that and a number of the Board Members actually started to complain because they felt that they were quite suspicious and that is the way they were – quite suspicious of DPEs motives and delaying some of these critical decisions that needed to – to be put into place.

Over and above that there would – suddenly we had a number of these negative media stories being - and in our view at least - you know – from one or two of the Board Members the view was that a lot of
20 it could only have come from DPE because we would normally share where we were or the challenges that we had with the shareholder representatives and we thought it was in – in confidence in terms of where the organisation was but we wake up the following day or two days later it actually has made the news and some – and most instances also taken out of context.

I know that it may not be fair to say that but it just – you know – when that happens obviously as a Board you begin to – to question to say are those actually coming from the Board itself or are they coming elsewhere because the only other people who we would have had those discussions with would actually be the Ministry – so to speak.

Very specifically there was also like a lot of noise in the media about a delay in the AGM and the – what was put in the public space was that the AGM is being delayed because the organisation has
10 not submitted its annual financial statements on time and that was not true.

Annual financial statements had been delivered on time and there is a requirement that when you do submit your annual financial statement the – you – that the Ministry would sign and there would be proof that they were delivered on time because if not then obviously the external auditors would find that you have – you would have a finding against not meeting – I mean – the deadlines.

So it had been submitted and I think this formed part of my Chair's submission to the Commission – which is Ms Cheryl Carolus – I
20 would imagine that she would have actually touched on that. Those are just examples of issues where it just became more and more difficult to do what needed to be done in the organisation and the added dimension was that – as I indicate – that it actually felt as if we were then having to respond in the public space but to things that were firstly untrue and secondly there was a feeling that they actually came

from the Ministry itself because in certain instances the Ministry was being quoted as saying they had not – they postponed the AGM because they have not received any financial statements and yet they have.

This is at the point at which then the – the Board ...

CHAIRPERSON: Was – did – did either the Board – I guess it could only be the Board because I would imagine that the CEO or Management would not go directly to the Ministry – to the Minister ...

MS SIZAKELE PETUNIA MZIMELA: Yes.

10 **CHAIRPERSON:** But you could – you could liaise with your counterpart – the DG?

MS SIZAKELE PETUNIA MZIMELA: Yes.

CHAIRPERSON: Ja. Did you or the Board ever raise these issues with the Ministry to say this is what we are concerned about matters that are coming out in the – in the media but we do not understand how the media would have known about these because these are matters that have been shared only between us and the Ministry and if you did raise them – those concerns – what – what was the response?

MS SIZAKELE PETUNIA MZIMELA: Chair I cannot speak on behalf of
20 the Board and what they would have actually raised with the – the Ministry in anyway or form. I can confirm that internally between Management and the Board Management raised their concerns formally as well.

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: I mean - to the Board to say ...

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: This is becoming hugely problematic ...

CHAIRPERSON: Yes, yes.

MS SIZAKELE PETUNIA MZIMELA: In its nature.

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: with anticipation then that the Board would take it further and ...

CHAIRPERSON: Would take it further, *ja*.

10 **MS SIZAKELE PETUNIA MZIMELA:** Have a discussion with the Minister.

CHAIRPERSON: But whether they did that you would not know?

MS SIZAKELE PETUNIA MZIMELA: Yes.

CHAIRPERSON: Okay.

ADV VERUSCHKA SEPTEMBER: Before you move on to page 32 paragraph 89 you were in fact in your position as Group CEO you were the apex of Management and Executive Management within the organisation. Is that right?

MS SIZAKELE PETUNIA MZIMELA: That is correct.

20 **ADV VERUSCHKA SEPTEMBER:** And in that particular position you had learnt of various instances of corporate governance not been observed in the way that it should. Is that right?

MS SIZAKELE PETUNIA MZIMELA: That is correct.

ADV VERUSCHKA SEPTEMBER: What did you do about what you had learnt about, the experiences that you had and what appeared to have

been corporate governance not being observed in the way that it should?

MS SIZAKELE PETUNIA MZIMELA: So I raised these issues with the – the Chairperson of the Board because she and I we used to have regular meetings as well even outside of the Board in order to – for her to keep abreast with some of the issues and the challenges that we were facing in the organisation. So she definitely was aware of some of these challenges and she – *ja* – she – and was completely aligned with Management that it was absolutely wrong for some of these things
10 to occur in the manner in that they did. So ...

CHAIRPERSON: Was ...?

MS SIZAKELE PETUNIA MZIMELA: So the involvement especially of Mr Siyabonga Mahlangu on a number of issues within the organisation the Chairperson was aware of that and there is an instance which I think she actually even covered in her testimony where in the frustration and I described it as in the frustration of not being able to get management to do what they wanted to do I think they attempted as well to try and see if they could go directly or Mr Siyabonga – go directly to the Chairperson to raise the concerns in terms of
20 Management not doing what they expected Management to do only to find that the Chairperson was very clear on issues relating to governance and in that particular instance made absolutely sure that she came back to management to understand what was happening and would not attend a meeting where they wanted to raise issues pertaining to operational matters without inviting me to be present at

that meeting as well.

CHAIRPERSON: And the Chairperson throughout your term as CEO from 2010 to 2012 was Ms Carolus?

MS SIZAKELE PETUNIA MZIMELA: That is correct Chair except possibly for the last week of my stay at SAA.

CHAIRPERSON: Oh, okay.

ADV VERUSCHKA SEPTEMBER: At paragraph 89 on page 32 you talk about a key turnaround item that was tasked to you to attend to called the Fleet Plan which was aimed at supporting growth strategy. Can you
10 please explain to the Commission what exactly that entailed and why was this initiated?

MS SIZAKELE PETUNIA MZIMELA: So part of our – our turn – our strategy was actually a growth strategy. What I mean by growth strategy is that we felt that the airline needed to grow - especially given that it is a network carrier – it needed to grow the route that it operated on in order to increase the – the profitability of the organisation.

If you are sitting already with very huge costs you either looking at cutting the cost completely or you are growing the revenue
20 that you get or take in order to cut the costs but as part of that or the one major challenge that SAA had at that point in time related to the aircraft and the aircraft types that were operating. A lot of the aircraft were actually coming – were due for renewal in terms of their leases because you either – you operate aircraft either as owned aircraft or leased aircraft.

So we had a combination of aircraft that were leased and some that were owned and some of those leases were becoming or – due for renewal which was the one issue. The second issue is that in motivating for growth of certain routes or the growth strategy it required us to ensure that we were utilising the appropriate aircraft in order to be able to be profitable on the route.

Where there were certain routes that were not – were not profitable at that point in time not there was no potential for them to be profitable but simply because we were using the wrong equipment on
10 the aircraft. So these were the things that we needed to – to try and finalise. In addition to that the Management had also inherited – when I say inherited because it was a legacy – I mean – issue pertaining to the A320 Contract where SAA had paid deposits for these aircraft and then had not taken delivery of the aircraft.

This team in particular felt that whilst it was still – still made sense to find a way to conclude the – the contract on the A320s by the time we are looking at the fleet there are even newer generations A320s than the ones that were initially in – in the contract. So the approach was that let us not take an approach which is – you fix one
20 thing but it does not really have a significant impact as part of the turnaround strategy.

So the Fleet Review Process was a significant portion of our turnaround strategy and in order to be able to do this work effectively what I did was to set up what I called like a Fleet Committee.

ADV VERUSCHKA SEPTEMBER: Yes.

MS SIZAKELE PETUNIA MZIMELA: Which was a new – a new thing but also aimed at improving governance within the organisation because there had always been horror stories about what happens when there is procurement relating to aircraft. These are significant numbers that we are talking about.

ADV VERUSCHKA SEPTEMBER: And what was the mandate of this committee?

MS SIZAKELE PETUNIA MZIMELA: So the mandate of this committee was to review – to actually analyse all of the routes, to look issues
10 such as when are leases actually terminating, what would be the appropriate aircraft in supporting the growth strategy, analyse all of that work and then provide a recommendation in terms of where we should be heading and what type of aircraft we should be looking to bring into – into the system.

So that Fleet Committee as I share here that we did put that together and I ensured that everybody was represented. By everybody I mean Senior Executives from Legal, Commercial, Finance, Risk and Compliance and also to include the subsidiaries such as SA Technical and Mango and it was important to also include those subsidiaries
20 because sometimes you make the decisions on aircraft only from a passenger perspective because it looks good but you forget to look at what it would cost to maintain the aircraft.

So we tried to put together a Cross Functional Team that would look at the analysis of – of this proposal and as part of this we also – so they signed very confidential agreement which are very

specific to this Fleet Committee because we wanted to ensure that there were minimum leaks. These are big numbers that are involved whenever you are looking to change aircraft or to put a recommendation forward.

We also - in that regard I also make mention of the small consultancy by the name of Daylight which was also appointed to assist with the more complex financial analysis. I then bring up the point that there were so many - part of the reason and to confirm why it was necessary to put together this committee in this manner is because
 10 there would be so many queries continuously around this – the fleet and what we intended to do and not only from the two main suppliers being Boeing and Airbus trying to find out where we are in the process but what happens is that an aircraft – you are basically buying – buying a shell from each of the manufacturers.

You can decide to go and buy the engines from somebody else. So the people – there were people who wanted to have a sense of where we are so that they can also sell us their engines versus anybody's engine and likewise Chair.

ADV VERUSCHKA SEPTEMBER: So this particular committee which
 20 was established not only augmented governance principles but it really created a transparent platform on which to conduct a review. Is that right?

MS SIZAKELE PETUNIA MZIMELA: That is correct. That is correct.

ADV VERUSCHKA SEPTEMBER: And then once the committee's work had been concluded what was the process to be followed thereafter in

relation to the outcomes of their work?

MS SIZAKELE PETUNIA MZIMELA: So the process is that they would come through as – with a recommendation to myself which then in supporting that recommendation would table it with the sub-committee of the Board who would review the recommendations and then equally recommend it to the Board for approval and this was done and whatever was a recommendation of this committee was approved both by the sub-committee of the Board and the Board and was therefore onward tabled with the Minister because it falls under those items which are
10 considered to be significant and material in nature.

So that we then communicated that the sub-committee to the Board had approved a particular position and it is one of those where we waited and waited and there were just no responses and it was unclear as to why we are not getting – I mean – responses one way or another to say we either support or do not support or whatever. It just went silent as to – you know – what the issues were there and yet we had actually highlighted how important timing was even in assisting us in relation to those negotiations.

ADV VERUSCHKA SEPTEMBER: It is then understood that the date of
20 27 September 2012 was a very important day in the life of South African Airways.

MS SIZAKELE PETUNIA MZIMELA: Yes.

ADV VERUSCHKA SEPTEMBER: Can you please explain to the Chair what happened on the date of 27 September 2012?

MS SIZAKELE PETUNIA MZIMELA: On 27 September 2012 a number

of the Board Members then decided to resign from the Board of SAA.
In fact all of the Board Members resigned except for three.

CHAIRPERSON: Resigned – did you say (intervenes)?

MS SIZAKELE PETUNIA MZIMELA: (Intervenes) resigned from the
Board except for three.

CHAIRPERSON: Oh, except for three?

MS SIZAKELE PETUNIA MZIMELA: Except for three.

CHAIRPERSON: Okay.

MS SIZAKELE PETUNIA MZIMELA: Of the Non-Executive Directors
10 and ...

ADV VERUSCHKA SEPTEMBER: And who were the three who
remained?

MS SIZAKELE PETUNIA MZIMELA: The three who remained were
Yakhe Kwinana, Ms Dudu Myeni and Advocate Lindi Thomas.

ADV VERUSCHKA SEPTEMBER: Thank you.

CHAIRPERSON: How big was the Board at the time of those
resignations? In other words how many people left and how many – I
mean – the Non-Executive ones?

MS SIZAKELE PETUNIA MZIMELA: I stand to be corrected Chair but I
20 think that it was nine in total who resigned ...

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: Because i think we were a Board
of 14 with two Executives ...

CHAIRPERSON: Yes.

MS SIZAKELE PETUNIA MZIMELA: Which would have made 12, yes.

CHAIRPERSON: And those who resigned they resigned on the same day, within a few days of one another or how did or did they resign at a meeting?

MS SIZAKELE PETUNIA MZIMELA: They resigned – well they resigned on the same day ...

CHAIRPERSON: Okay.

MS SIZAKELE PETUNIA MZIMELA: And the reason why I know that they resigned on – on the same day is that they had the courtesy of call – inviting me into a meeting as the Board and because I – I was the
10 Group CEO and communicated to me the intention to resign. So that I heard it from them and not from any other source and it is at that – that meeting where when they shared with me their intentions to resign my response was I do not know why I would be remaining because I equally share the - the same frustrations that – that they were articulating in relation to how things were being handled in the organisation but Ms Carolus was the Chair before resignation then convinces me to say please you need to stay in the interest of the stability of the organisation and in her view she was saying stay because maybe the people they do not want is us as the Non-Executive
20 Directors and things may potentially be different after we have left but please in the interest of the organisation can you remain behind and do not make the call to also resign at the same time.

I heeded her advice and said no I would stay but even then I did make it clear even to Ms Carolus and I said I am happy to stay indeed in the interest of the organisation but what would actually

determine me staying beyond a particular period in SAA is if there is a sense that things would change and I would get a better sense of that based on the calibre of people who they appoint on the Board and whether there would still be alignment in terms of values and ensuring good corporate governance because it was my view which I think I shared – I mean - with the Board that the biggest problem with this Board is that it was just so strict on insisting that things be done properly rather than anything else.

CHAIRPERSON: Will it be correct therefore to say your understanding
10 is that the nine Members of the Board who resigned at the same time resigned because they believed that they were not receiving the support that the Ministry and the department were supposed to give them and SAA?

MS SIZAKELE PETUNIA MZIMELA: That is correct – I mean – Chair and equally they were disturbed by that they were professionals who were now being portrayed as people who did not understand governance in the public space when there are media leakages that pertain to dates being missed and certain things that had not been done.

20 **CHAIRPERSON:** So part of it was what was – what was finding its way to the media and being said about SAA and - and/or the Board ...

MS SIZAKELE PETUNIA MZIMELA: Yes.

CHAIRPERSON: In the media in circumstances where the Board or at least some Members of the Board thought it must have been either the Ministry or the Department of Public Enterprises that would have

shared that information with the media?

MS SIZAKELE PETUNIA MZIMELA: That is correct Chair.

CHAIRPERSON: Okay.

ADV VERUSCHKA SEPTEMBER: After the Board's resignation or rather majority of the Board's resignation on 27 September 2012 it is understood that you received a telephone call and that is intimated on page 34 paragraph 96 of the bundle.

MS SIZAKELE PETUNIA MZIMELA: Yes.

CHAIRPERSON: Maybe – I am sorry. Can I just interrupt you? You –
10 you have said that you shared the sentiments which drove nine Members of the Board to resigning. Do you know whether the three Members of the Board who did not resign also shared those sentiments or – or not?

MS SIZAKELE PETUNIA MZIMELA: Chair I would not know except for one because at that meeting that had been called by the majority of the Board Members to indicate that they intended to resign the only other Board Member who was present in that meeting of the three who remained behind was Ms Kwinana and I think she was like honest at the meeting that she shares those sentiments.

20 However in her view given that she is so dependent on Government contracts she feels uncomfortable about how it would be perceived if she actually resigned as well as part of the group.

CHAIRPERSON: Oh that is what she said?

MS SIZAKELE PETUNIA MZIMELA: That is what she said.

CHAIRPERSON: At the meeting?

MS SIZAKELE PETUNIA MZIMELA: At the meeting.

CHAIRPERSON: Okay, thank you.

ADV VERUSCHKA SEPTEMBER: Thank you Chair. Can you please provide details of the telephone call that you received shortly after the Board resigned?

MS SIZAKELE PETUNIA MZIMELA: I think it was a day or two at most because I was now waiting to hear who would be the new Chair of the Board and I received a call from Ms Myeni to say that she was going to be appointed as the Acting Chair. So she was calling me to actually
10 request a meeting – that we set up a meeting urgently so that I can bring her up to speed on – on the matters.

So that is the call I received from Ms Myeni and then that very evening on the news – because that is how I found out – on the news Mr Vuyisile Kona then gets announced as the – the new Chair of the Board and not Ms Myeni. So that meeting that she requested then never took place because there was no need – I mean – for that to be the case.

ADV VERUSCHKA SEPTEMBER: At that particular point in time how long had you been in – how long had you known Ms Dudu Myeni?

20 **MS SIZAKELE PETUNIA MZIMELA:** Ms Myeni was one of the Non-Executive Directors when I got appointed as CEO. So from the first day that I joined SAA as Group CEO she was also a member of the Board.

ADV VERUSCHKA SEPTEMBER: So then it was over two years?

MS SIZAKELE PETUNIA MZIMELA: Yes that is correct.

ADV VERUSCHKA SEPTEMBER: What was your reaction when she called you to inform you that she was the one that was to be appointed as the Chair?

MS SIZAKELE PETUNIA MZIMELA: Well honestly I was a little bit surprised and the ...

ADV VERUSCHKA SEPTEMBER: Why?

MS SIZAKELE PETUNIA MZIMELA: The reason why I was a little bit surprised is because she did not actually have a fantastic attendance record – you know – as a – as a Director and my assumption would
10 have been that of – first maybe for continuity indeed they would have wanted maybe to choose one of the three but I was quite surprised that the one who has the worst attendance record is the one who then is going to be the Chair of the Board.

ADV VERUSCHKA SEPTEMBER: Just to help me ensure that I understand when you say she had the worse attendance record does it mean that she attended but did not stay or she did not attend?

MS SIZAKELE PETUNIA MZIMELA: I think overall she was also one of those who sometimes did not turn up for the meeting at all. If she did turn up for the meeting I do not know of too many occasions where she
20 stayed for the full time of the Board Meeting. She was always one of those that found a way to excuse herself prior to the end of the Board Meeting.

ADV VERUSCHKA SEPTEMBER: And who would she provide the excuse to – to be excused from the meeting?

MS SIZAKELE PETUNIA MZIMELA: Well she would speak to the Chair

and she would speak to me – you know – I mean as Group CEO to say look I am sorry. I mean I have to run but maybe Ms – you know – her main excuse was that she now has to rush because number one has called her to a meeting.

CHAIRPERSON: Sorry.

MS SIZAKELE PETUNIA MZIMELA: She has to rush because number one has called her to a meeting.

CHAIRPERSON: Oh she used to say that?

MS SIZAKELE PETUNIA MZIMELA: Yes to me.

10 **CHAIRPERSON:** To you?

MS SIZAKELE PETUNIA MZIMELA: Yes.

CHAIRPERSON: And what was your understanding of who she was talking about?

MS SIZAKELE PETUNIA MZIMELA: I understood her to be speaking about the President at the time which obviously for me was aligned because she was the Chair of the Foundation. So I assumed she was being called for that reason.

ADV VERUSCHKA SEPTEMBER: But Mr Vusi – Vuyisile sorry – Vuyisile Kona is the one then who is announced to - as appointed as
20 the new Chair?

MS SIZAKELE PETUNIA MZIMELA: That is correct.

ADV VERUSCHKA SEPTEMBER: Did you meet with Mr Kona?

MS SIZAKELE PETUNIA MZIMELA: Yes I did.

ADV VERUSCHKA SEPTEMBER: After his appointment?

MS SIZAKELE PETUNIA MZIMELA: Yes I did Chair and just to indicate

that I knew Mr Vuyisile Kona because Mr Vuyisile Kona had been an Executive at SAA as a VIP. I cannot remember his exact title but a VIP at the time that I was at SAA previously as EVP of the two portfolios that I had – held before I left the CEO of SA Express.

So he arrives and shortly after his appointment – which is the next day – essentially I then met with him and as an individual who I knew I then share with him as well my frustrations which are aligned to the frustrations that have been shared by the Board and I indicate to him that it would really be useful for him to try and establish whether
10 there would be proper support going forward because in the absence of proper support going forward it would really be difficult even for myself to actually continue in that environment.

So we had a very cordial – as I said we knew each other because he had been an Executive at SAA. So we have this discussion and – and so forth and I share quite openly – I mean – with him to say look – you know - it really is challenging because I am faced with these issues where continuously I am actually been seen as if I am not toeing the line much like what I think that is the way in which the Board was perceived.

20 **CHAIRPERSON:** Well was that not true?

MS SIZAKELE PETUNIA MZIMELA: It was true. I will – I will be honest that yes it is true that I was not toeing the line, okay. So I share quite openly with Mr Kona and he is very understanding and he shares with me look Siza you know me and we will – let us try and work with each other and he has every intention to actually work well with

me knowing and understanding my expertise and so forth. So we part on – on that basis ...

ADV VERUSCHKA SEPTEMBER: Yes.

MS SIZAKELE PETUNIA MZIMELA: But my issue that I start to have is that within days of Mr Connor being appointed, in fact he had that discussion direct with me, he then says oh he would like to understand where we are in relation to the aircraft procurement processes.

Now there's nothing wrong with that, he is the Chair, it was approved, I can actually talk to him, you know in terms of where we
10 are, absolutely nothing wrong.

CHAIRPERSON: Especially with big issues like that.

MS SIZAKELE PETUNIA MZIMELA: Indeed. What did disturb me though is that he did make that comment at that meeting where he says he has been specifically asked to make sure that that's one of the ones he looks at closely, no problems Chair.

CHAIRPERSON: He said he had specifically been asked?

MS SIZAKELE PETUNIA MZIMELA: Been asked to ensure that one of the first things that he reviews is where we are with this aircraft common process.

20 **CHAIRPERSON:** Oh, okay, okay.

MS SIZAKELE PETUNIA MZIMELA: And as I indicated Chair that there's nothing wrong, he is the new Chairperson, it's a big procurement matter.

CHAIRPERSON: Ja, he would need to have an idea of what's urgent, what needs the Board's attention, urgent attention and so on and so on,

in terms of giving guidance wherever.

MS SIZAKELE PETUNIA MZIMELA: Ja, so that is the case, but then also what then also disturbs me is that he wants the actual documentation which goes back to even the work that the fleet committee undertook, not the recommendations, so I am comfortable if he's asking me as the CEO to tell him what was the recommendation ,what was it based on, and to share the type of information that would have been shared with the Board in order to reach the decision that was taken by the Board, but it makes me uncomfortable that he seems
10 to want a little bit more information than what ordinarily a Chairperson would request and I indicate my level of discomfort and as a result ...(intervention)

CHAIRPERSON: You indicated that to him

MS SIZAKELE PETUNIA MZIMELA: Yes I indicated my level of discomfort.

CHAIRPERSON: Yes, this was still at your first meeting with him or subsequently.

MS SIZAKELE PETUNIA MZIMELA: It would be probably the very next day because the first day we were just talking generally and he
20 was happy,. I welcomed him into the environment. The very, I mean very short which was probably the next day this is what is happening because he wants to know you know about this aircraft procurement process and I indicate you know that look I am a little bit uncomfortable, I know what you're saying but I share with but why would you want to actually get details in terms of documents and

probably see documents that even have not requested because if I have satisfied myself that the proper processes were followed that should be adequate in getting a level of comfort and I did not handle the I mean the documents that he requested.

CHAIRPERSON: By the way you said that the two of you knew each other before he was appointed as Chairperson?

MS SIZAKELE PETUNIA MZIMELA: That's correct Chair.

ADV VERUSCHKA SEPTEMBER: Ja, okay, alright.

MS SIZAKELE PETUNIA MZIMELA: Because we had both been
10 employed by SAA at some point together in the past.

CHAIRPERSON: Okay, okay.

MS SIZAKELE PETUNIA MZIMELA: But then it doesn't stop there,
then ...(intervention)

CHAIRPERSON: So you provided the information he wanted or you arranged for your team to provide it or not really?

MS SIZAKELE PETUNIA MZIMELA: No I don't arrange for my team
to, but I give him an update.

CHAIRPERSON: You give him the information?

MS SIZAKELE PETUNIA MZIMELA: Yes I give him the update which I
20 think is the correct update to provide him with but I don't instruct my
team neither do I actually hand over any of the documents, but then I
established that he then decides that he will be requesting all of this
information that relates to tenders by calling executives directly which
then becomes I mean hugely problematic for me because I'm like okay,
now I even have the Chairperson behaving badly, it was one thing you

now to let's say push back, you know on some of the individuals from the ministry but how am I going to do that with the Chairperson who is also now beginning to request information that they shouldn't be requesting and calling the executives directly, which is bad protocol, I am there and he should not be doing that and getting involved in operational issues.

I do then decide this is not going to work because essentially as I had already indicated for me it was about waiting to see who is going to be appointed and what the value system would be going forward, so I prepared my resignation letter and I go to Mr Kona ... (intervention)

CHAIRPERSON: So hang on, soon after this incident where you hear that he is approaching your executives you decide that's it, that's enough.

MS SIZAKELE PETUNIA MZIMELA: That's correct Chair, because he's not approaching them on asking what is the performance of S A Technical for argument's sake he's actually quite specific about requesting information that pertains to procurement, so this is what makes me very uncomfortable.

20 **CHAIRPERSON:** Die the information that he was look for relate only to the aircraft issue, I think was it a tender or what you were working on, or SAA was working on, or was it on various procurement issues or tenders

MS SIZAKELE PETUNIA MZIMELA: No the information that he requests is on various large tenders, the one that he raised

...(intervention)

CHAIRPERSON: Oh, various large tenders.

MS SIZAKELE PETUNIA MZIMELA: The one that he raises with me directly is the one that pertains to the aircraft purchase.

CHAIRPERSON: Okay.

MS SIZAKELE PETUNIA MZIMELA: But subsequent to that he is calling people in the technical area because that's also where there is a big procurement and wanting to obtain information with regard to procurement processes there, with regard to fuel processes you know
10 and so forth, so he's calling people directly, I think he's calling I mean the cargo people I recall I mean as well, you know the GM of cargo he gets called, you know as well to ask about various issues that pertain to procurement so at that point I decide no now I don't even have a defence mechanism from a Board perspective to assist me in pushing back and I decide I am going to resign, but I did not just hand in my resignation letter, I went and I met with Mr Kona and I did share with him that look I had a first meeting with yourself, I did share some of the concerns that I had and it was fortunate because you are behaving in a particular manner which I find I mean unacceptable and as a result of
20 that I also feel that it is best that I terminate my services with you know SAA. He tries to persuade me, he says no, no, no, you know I mean it's a little bit unfortunate maybe you misunderstood and so forth but please don't make this decision. I said no I have already made the decision unfortunately, I mean thought hard and long on this decision, so this is it, I am actually handing in my resignation and in my

resignation I was obligated to serve a three months notice and I indicate to him that this is what I am obligated to do which is to serve a three months' notice but I will be guided by him on how long they would want me to stay but if they would be in a position to release me earlier I would be more than comfortable to do that.

I then received a call on that same day from Advocate Lindi Thomas who request an urgent meeting with me that same evening, and I accept ...(intervention)

CHAIRPERSON: Was she a board member at the time or was she
10 previous board member?

MS SIZAKELE PETUNIA MZIMELA: She was still a board member, one of the three.

CHAIRPERSON: One of the three who had remained, okay.

MS SIZAKELE PETUNIA MZIMELA: Indeed. So I agreed to meet with her and I go and meet with her at Chambers actually and while I'm there, you know she wants to try and understand why have I decided to actually resign and most importantly why am I resigning with immediate effect, which catches me by surprise, because I then say look I don't understand because I never said I am resigning with immediate effect.
20 In my letter it's very clear that I have a three months notice but if I could be released earlier of course I would be grateful, I mean for that, but I definitely did not resign with immediate effect.

She then says well that's very surprising and she actually even shows me a round robin resolution which has been sent to her by the Company Secretary, I am going to assume, but this to appoint Mr Kona

as the Executive Chair and which they want the remaining board members to approve and the motivation for him being appointed as Executive Chair is because I have resigned with immediate effect according to the communication or the resolution.

CHAIRPERSON: Executive Chair would be what in this context, there is a Chair of the Board, there is a CEO, a Group CEO, so Executive Chair would in where?

MS SIZAKELE PETUNIA MZIMELA: So there isn't a position, or wasn't a position called Executive Chair but essentially what he was
10 trying to communicate that with the CEO, the Group CEO resigning with immediate effect somebody needs to step up and also manage the Executive functions of the organisation, so his recommendations that he be the individual who is the Chairperson but is Executive Chair because it then allows him the room to also basically run the operations, run the organisation in an executive capacity.

CHAIRPERSON: But the – I take it that that person, Mr Kona was a member of the Board?

MS SIZAKELE PETUNIA MZIMELA: Yes.

CHAIRPERSON: But in the structure of SAA was there a position
20 called Executive Chair?

MS SIZAKELE PETUNIA MZIMELA: There wasn't a position called Executive Chair, Chair but essentially maybe let me put it differently you know without actually putting a title to it, but what Mr Kona is requesting is that he be given permission to also assume executive powers.

CHAIRPERSON: Which would be CEO powers?

MS SIZAKELE PETUNIA MZIMELA: Yes.

CHAIRPERSON: Ja.

MS SIZAKELE PETUNIA MZIMELA: To also assume executive powers which would be CEO powers because the CEO has decided to resign with immediate effect.

CHAIRPERSON: Oh so he would be – he would remain Chair of the Board but also effectively be CEO.

MS SIZAKELE PETUNIA MZIMELA: That's correct.

10 **CHAIRPERSON:** Combine the two.

MS SIZAKELE PETUNIA MZIMELA: That's correct.

CHAIRPERSON: And then you would be called Executive Chair?

MS SIZAKELE PETUNIA MZIMELA: That's correct Chair.

CHAIRPERSON: Okay.

MS SIZAKELE PETUNIA MZIMELA: So maybe I mean for me what is incorrect is to use the term Executive Chair but I am trying to describe that it is a Chairperson who takes ...(intervention)

CHAIRPERSON: The actual function yes, ja. It was he wanted to be to perform the duties of a non-executive Chair as well as those of the
20 Group CEO together.

MS SIZAKELE PETUNIA MZIMELA: That is correct Chair.

CHAIRPERSON: Okay.

ADV VERUSCHKA SEPTEMBER: Just on the point of your resignation can I ask you to turn page 205 please. Is that your letter of resignation?

MS SIZAKELE PETUNIA MZIMELA: That's my subsequent letter of resignation which then talks to with immediate effect, but this is not my original resignation letter.

ADV VERUSCHKA SEPTEMBER: Thank you.

MS SIZAKELE PETUNIA MZIMELA: Because after the conversation with Advocate Thomas where it's clear that the Chair wants to assume executive powers I then drafted this second letter to indicate that now that he has decided to assume and request the rest of the Board to approve him also taking over executive powers then indeed I would
10 want to actually exit the system with immediate effect.

CHAIRPERSON: So strictly speaking this is not your resignation letter but it's a letter in which you state your position after certain developments, since you handed in your resignation?

MS SIZAKELE PETUNIA MZIMELA: That is correct Chair.

CHAIRPERSON: Ja, okay.

ADV VERUSCHKA SEPTEMBER: And then through you Chair that concludes the main focus of the evidence of this witness. However at page 36 of the bundle through the position that this witness holds as interim Chief Executive Officer of South African Express she is able to
20 share with this Commission an update on the Northwest Ground Handling and EML transactions that this Commission has been hearing about.

CHAIRPERSON: Yes, let's do that, let's cover that.

MS SIZAKELE PETUNIA MZIMELA: I think Chair the only thing that I can share with regard to these two issues is that at S A Express there

is a relatively new board, I made mention that I became interim CEO of S A Express in August of last year, post the grounding of S A Express in May, so S A Express gets granted on the 24th of May 2018 and this is a day after the new board has been appointed, and so for the first part or the first few months of their tenure as the new board it was really just focused on making sure that we get the airline back into the skies, which is how I originally as well, as part of a task team to assist with that.

Once that had been done it really has – and part of the work
 10 that was being done was obviously to look at issues related to governance and governance breakdowns, one of which related to even issues relating to commercial agreements or un-commercial agreements in terms of the airline. This is where the Board's attention was brought in relation to some of the work that had already been undertaken at that point relating to North West, the North West grounding agreement and the EML. In fact my knowledge by the time this new Board takes over there was already one case that's lodged against Mr Brian van Wyk in relation, by S A Express in relation to the North West matter, but this Board ...(intervention)

20 **CHAIRPERSON:** I'm sorry, when you say there was at least one case lodged by SAA against Mr van Wyk what does that mean ...(intervention)

MS SIZAKELE PETUNIA MZIMELA: S A Express.

CHAIRPERSON: ...what kind of case and where was it lodged? Criminal case, disciplinary case or what?

MS SIZAKELE PETUNIA MZIMELA: No Chair in relation to Brian van Wyk I believe that the case had already, a case had been opened with the commercial crimes unit.

CHAIRPERSON: Okay, a criminal case ja?

MS SIZAKELE PETUNIA MZIMELA: Yes a criminal case with regard to Mr Brian van Wyk you know only. There were other individuals that were on suspension as well in relation to the North West matter and also in relation to the EML matter, so the Board undertook to complete the investigation that was necessary to conclude on these matters, but

10 I just want to be clear that the focus being on ensuring that action is taken against those individuals that were directly linked were either employed by S A Express or with former employees of S A Express, and not beyond that, because as we all know right now that especially when it pertains to North West that it actually goes beyond even S A Express in its nature.

That work at this stage has been completed, the people who were on suspension have subsequently been terminated or some of them opted to resign at the point at which they were under suspension but over and above that with some of the further work that has been

20 done there have been further cases opened against those former employees as well.

CHAIRPERSON: Okay.

ADV VERUSCHKA SEPTEMBER: And then lastly it's been brought to my attention that Vuyiselo Kona is spelt incorrectly at paragraph 96 on page 34, I just wish to place this on record, but those are certainly the

questions from the legal team for this witness.

CHAIRPERSON: Yes, that's fine. I see you haven't talked in terms of names other than Mr van Wyk, it might be helpful if subsequently maybe a supplementary (indistinct) can be sent through and they would assist, it just talks about names, this is what has happened and these are the employees of S A Express who have – who were suspended and when did they resign those who resigned and if there were disciplinary hearings this is what happened in regard to the disciplinary hearings so that the Commission has a complete picture.

10 **MS SIZAKELE PETUNIA MZIMELA:** I'm very happy to provide that Chair.

ADV VERUSCHKA SEPTEMBER: Thank you.

CHAIRPERSON: Okay, alright, the legal team will be in touch with you for purposes of that supplementary affidavit.

ADV VERUSCHKA SEPTEMBER: Thank you Chair.

CHAIRPERSON: Okay, you are done?

ADV VERUSCHKA SEPTEMBER: Yes Chair.

CHAIRPERSON: Okay, Ms Mzimela it has been a long day, thank you very much for coming to share – to give evidence in the commission,
20 we appreciate it. Thank you very much, you are excused.

MS SIZAKELE PETUNIA MZIMELA: Thank you Chair.

CHAIRPERSON: Thank you. Well I wanted to say – you look like you might be wanting to say something?

MS SIZAKELE PETUNIA MZIMELA: No Chair.

CHAIRPERSON: It's just a sign of relief.

MS SIZAKELE PETUNIA MZIMELA: Indeed Chair.

CHAIRPERSON: Oh okay, alright, thank you, you are excused. Yes, we can adjourn now and tomorrow we start at ten.

ADV VERUSCHKA SEPTEMBER: Thank you Chair.

CHAIRPERSON: Yes. We will adjourn then for today and tomorrow we will start at ten. We adjourn.

INQUIRY ADJOURNS TO 27 JUNE 2019