

**ARMS PROCUREMENT COMMISSION**

*Transparency, Accountability and the Rule of Law*

**PUBLIC HEARINGS**

**PHASE 2**

**DATE : 4 MARCH 2015**

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**HEARING ON 4 MARCH 2015**

CHAIRPERSON: Thank you. Good morning, everybody. [Indistinct]  
Advocate Sibeko.

ADV SIBEKO: Thank you, Chair and Commissioner Musi. At the  
5 onset, Chair, I would like to apologise for the late start, in our attempt to  
lead the evidence of Dr Richard Michael Morgan Young. Before the, the  
witness can be sworn in, I need to make a few observations and deal  
with a few housekeeping matters.

At the outset, I have been advised that statement, the signed  
10 statement of Dr Young has been printed. I am not aware, if the  
statement has been given to the legal representatives of some of the  
departments, who are represented here, today.

With regard to that statement, I wish to place on record that, I wish to  
place on record that you would have seen, Chair and Commissioner  
15 Musi, perhaps, during the course of going through the statement that  
there are certain references that are made, in some cases, at the end of  
certain paragraphs. Those references do not help.

Why they are, I had to choose, to what would eventually form a  
bundle of the documents that would be relied upon, during the course of  
20 the testimony of the witness. In this statement, they appear as hyper  
links.

As you would have noticed, the witness will be testifying, through the  
use of his laptop pc. Now, we have, or at least, part of the delay was  
occasioned, by the fact that the bundles of document that have been  
25 placed before him do not constitute the entire documentation that is

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referenced in this segment.

You would recall, Chair and Commissioner Musi that, during the course of last year, there is a discovering affidavit, with a discovery schedule that was submitted by Dr Young to the Commission, which  
5 schedule is made up of 1061 documents. Now, those documents, that which he seeks to rely upon, have not been printed, now, from, from the schedule.

Now, those documents Dr Young intends to use, in the course of his testimony, what, amongst others, occasioned the delay was an exercise  
10 we undertook, to try and show that the documents, in those bundles, constitute what appears in the hyperlinks that are referenced here. They started, but not all of those documents are contained in the bundle.

We are in the process of creating a folder, for purposes of making the  
15 exercise of compiling the bundle a lot quicker, which is something we, depending on the directions of the Chair, is an exercise we undertake, to continue with, during the course of this afternoon, should we be afforded an opportunity to adjourn earlier than the normal time. So that, by the time we resume tomorrow, we are able to flow through properly.

20 The annexures that are contained in the bundles that have been placed before you are not sequential to the references made here, as well. So, in the manner that they have been produced, they are currently unhelpful, in going through the statement.

Now, having said that, I need to point out that, should the statement  
25 as currently prepared, be given to the legal representatives, who have

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an interest in the evidence of Dr Young, we are also in the process of referencing the hyperlinks, to the bundle of documents, in a manner that would be user friendly. So that, if for example, you will see, at page 1 of the statement, there is a reference CV for APC RMY, in brackets.

5 We have, we are in the process of converting that into RMI one, for purposes of identification in the bundles that we would be in the process of creating, during the course of later today. So that it would be easy to refer to them and that they are easy to find in the reconstituted bundles that we will be dealing with.

10 So, having made those observations and, and what we intend to do, during the adjournment and should we be afforded the opportunity to do so, we would, in the interim, ask Chair to have Dr Young sworn in.

CHAIRPERSON: I think, you mentioned something like the, some of the interested parties being, should be given statements prepared by Dr  
15 Young. What is the position about that? I am saying so, because now give, we saw the statement for the first time, only this morning.

We have realised that it was signed yesterday, although I received mine yesterday evening. So, clearly, that statement, or a summary thereof, it is not on our website. I am just really worried about the  
20 people, who might have an interest in Dr Young's statement, or evidence. What are we going to do, in ultimately make sure that they have copies of the statement?

ADV SIBEKO: Chair, I was informed that the, the statement that you are referring to would be given to the leader representatives of persons,  
25 who are interested. I am not sure if that has been done. But, to the

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extent that it has not been done, yet, we would request that they be furnished with copies.

I am aware that there are copies that have been made, to be provided to interested persons. However, during the course of the lunch  
5 adjournment, we would prepare a summary that would be put on the website.

I, I need to point out that, when we consulted with Dr Young, on Friday, the, we had prepared a brief summary that we have intended to forward to the Commission, for purposes of posting on the website. It  
10 was sheer inadvertence, on our part that the statement, the brief summary was not forwarded to the Commission. But, we would attend to that, during the adjournment.

CHAIRPERSON: Thank you. Can the witness take the, the oath?

**RICHARD MICHAEL MORGAN YOUNG**: (d.s.s.)

15 ADV SIBEKO: Dr Young, during the course of these proceedings, we will be giving, or conducting a conversation, through these mikes. So, when I may ask you the question, I would switch my mike off and you would then switch on and when you have furnished your response, you will follow the same pattern. Do you understand that?

20 DR YOUNG: I do, yes. I do.

ADV SIBEKO: So, when, when you speak ...[intervene]

DR YOUNG: I am getting confused with all these red lights. Alright.

ADV SIBEKO: Alright. Could you, for the record, state your profession?

25 DR YOUNG: I am an electronics engineer by trade. I am an

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electronics engineer by trade.

ADV SIBEKO: What are your qualifications?

DR YOUNG: I have got a Bachelor of Science in Engineering and I have got a Master of Science in Engineering and a Doctor Philosophy in Engineering.

ADV SIBEKO: Now, is it correct, as you would have heard, during the course of my address to the Chairman of the Commission that we were under the action of a statement that you have prepared? Is it correct that you did prepare statement?

10 DR YOUNG: Yes. I did prepare a statement. It is actually, it is not correct that it was signed yesterday. We met last Thursday and Friday and I completed it on Monday. I forwarded it to my evidence leaders and the Commission on Monday night and it was signed, before I sent it.

ADV SIBEKO: Now, if I could ask you to turn to page 198 ...[intervene]

15 CHAIRPERSON: Or just, just hold on a moment please. Thank you. Maybe, just to collect myself then, I see the date is the 2<sup>nd</sup> of March 2015. That is the date, on which the statement was signed. But, then, we got it only yesterday. I got it yesterday evening. Thank you.

ADV SIBEKO: Thank you, Chair. Do you have page 198 of your statement?

DR YOUNG: Yes. That is the last substantive page. It is the signature page.

ADV SIBEKO: The signature that appears there, whose is it?

DR YOUNG: It is my signature.

25 ADV SIBEKO: And as the Chairperson has pointed out, the statement

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is dated the 2<sup>nd</sup> of March 2015. Is that correct?

DR YOUNG: Yes. That is correct and it was also sent to the Commission on the same day, by, by me, that is, at least.

ADV SIBEKO: Okay. You sent it electronically?

5 DR YOUNG: I sent it electronically, yes.

ADV SIBEKO: Chair, before we proceed, I, I just need to establish whether my learned colleagues on the opposite end, have got a copy of this statement?

ADV KUPER: Chair, before, our position is, apparently one copy has  
10 been handed to this team. But, it is hardly possible for us to follow the evidence with only one copy. We really would appeal for, for copies to be given to, to us, adequately, for the purpose.

CHAIRPERSON: So then, Advocate Kuper, what are you suggesting now? Because as we are saying, we only got the statement yesterday  
15 and I got it yesterday evening. I learnt this morning, the staff has battled to make copies ...[intervene]

ADV KUPER: Yes. Should I ...[intervene]

CHAIRPERSON: Now, the question is, can we proceed now, or do you want further copies to be made, before we can proceed?

20 ADV KUPER: Chair, I would request that further copies be made available, before we proceed.

CHAIRPERSON: Any, any of the other [indistinct] wants to say something about this issue?

MR CHOWE: Thank you, Chairperson. Our respectful [indistinct] we  
25 agree with Advocate, or rather, maybe we should rather get enough

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copies, before we proceed. We also share one copy. But, if it is possible if we can get the copies first, because I was assured that the copies will be made. Maybe, it would be better that we get all, we have copies and then we can proceed. Thanks, Chairperson.

5 CHAIRPERSON: Any other view? I think, in the light of what Advocate Kuper was saying, maybe it might just be prudent to adjourn and start tomorrow morning. So, firstly, because copies must have been made and then, secondly, there are a few, further documents and that is 1056 documents that must still be copied, which will form part of the  
10 annexures.

If that is the position, I am going to suggest that we adjourn now and we start tomorrow morning at nine o'clock. I think that will give you enough opportunity to, for the Commission to give statements and annexures to those parties, who might be interested.

15 Any other controlling view to this suggestion? I suppose my, my fellow Commissioner here, says that is [indistinct] is concerned. In that case it is probably, do want to say something Advocate Sibeko?

ADV SIBEKO: I add nothing further to that, Chair.

CHAIRPERSON: Thank you. Dr Young, unfortunately, we will have to  
20 adjourn these proceedings until tomorrow morning. Can I suggest that, in that case, tomorrow we start at nine o'clock?

ADV SIBEKO: Thank you, Chair.

CHAIRPERSON: Thank you. We will adjourn until tomorrow morning. We will start in the, at about nine o'clock in the morning. Thank you.



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**PHASE 2**

**DATE : 5 MARCH 2015**

**(PAGE 9003 - 9115)**

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**HEARING ON 5 MARCH 2015**

CHAIRPERSON: Thank you. Good morning everybody. Advocate Sibeko?

ADV SIBEKO: Thank you, Chair. To the witness, Dr Young, be  
5 reminded that he still is under oath. I believe that he took an oath, yesterday, before we adjourned.

CHAIRPERSON: I am not sure if he did. But, maybe to be on the safe side, let him take the oath again, today.

ADV SIBEKO: As it pleases the Chair.

10 **RICHARD MICHAEL MOBERLEY YOUNG**: (d.s.s.)

ADV SIBEKO: Chair, I think, the record will show that the witness has confirmed that he still is under oath. Chair, just on issues of, of housekeeping, before we kick off with Dr Young's evidence, when we adjourned yesterday, it, the adjournment was being tendered to assist  
15 us and the team and the Commission staff to properly put together the bundles.

That process took a lot longer than we had anticipated. What has happened is, we have re-organised the bundles that were put at the bench yesterday. We have re-organised the documents, that, according  
20 to the statement, up to page 97.

At page 97 of Dr Young's statement is a document marked [BT1-07779PDF]. That document, the Chair and Commissioner Musi will, in due course see, is now marked RMY 84. So, what we and the team have done, is to cross reference the documents that the witness will be  
25 relying on, as RMY documents, numbered from one until the end.

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We will continue with the process, when we adjourn, to just complete the bundles of documents. So, as matters stand, we have recreated the bundles, up to five volumes, which are still being finalised, for purposes of copying.

5 But, we have the first volume one, which starts with documents RMY, RMY 1 and ends at RMY 26. Now, furthermore, for, for purposes of convenience, as some of the documents that are contained in this bundle have been printed and paginated and put in different bundles. It was felt that, in order to save a few trees, we should use the documents  
10 that were available, with the numbering at the top right hand corner.

But, what we have done is, we have, we pressed at the team, to scratch out the numbers at the top right hand corner. If that has not been done yet, it will be done in due course. But the uniform numbering of these documents, the Chair and Commissioner Musi and colleagues,  
15 will find, at the bottom of each page.

So, when we refer to a document, in the course of evidence, if it is RMY 1, that document will be found in RMY 1, in, in file number one, page 1 appears at the bottom. We have also requested that the various files be, have page dividers, so that, to make it easy for people to have  
20 reference to the documents.

Finally, each file will have at the spine, a label, which sets out which annexures are contained in that file, for ease of reference, as we proceed with the testimony of Dr Young. Thank you, Chair.

Dr Young, you recall yesterday, when we adjourned, we were at the  
25 position, where you had given evidence, regarding your qualifications,

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as they appear in your short form cv, which is RMY 1. Can you see that? Now, RMY 1, Chair, you will see in the statement, at the, at the end of paragraph 4 in page 1 of the statement is a document, referred to as cv, for APC RMY. That would be RMY 1. Do you see that, Dr  
5 Young?

DR YOUNG: I have got the document in front of me. I am just looking for it in the witness statement. I have got the, I have got the cv in front of me. Yes.

ADV SIBEKO: Now, in your cv, you have academic qualifications.  
10 You have already testified that you hold a Bsc Engineering degree and Msc in Engineering and a Phd in Engineering. Could you just explain what your Masters degree dissertation and Phd thesis have dealt with?

DR YOUNG: Yes. The Masters degree of dissertation had a subject, basically involving local area and the use of local area networks for the  
15 integration of real time distributing systems, which is relevant, because that is exactly what a combat suite is. As my, as my witness statement says, effectively the Phd, although it had a slightly different title was a far, well, larger, dealing with the same topic, but more at a Phd level than a Masters level.

20 ADV SIBEKO: So, would it be correct to say then, that the Phd thesis, dealing with the subject that you dealt with, in your Master's programme was at a more advanced level, in, in the subject, you were discussing then?

DR YOUNG: Yes. The, the doctorate thesis was a more advanced  
25 level, than the Masters.

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ADV SIBEKO: Yes. You say that the doctoral thesis, as well as your Master's thesis dealt with the academic side of the subject matter that we are dealing with, in these proceedings.

DR YOUNG: Well, sure, one has to deal with the academic side of it.

5 But, it was far, far more than that, because it also involves a project and not just a dissertation or a thesis. It was a project with real equipment, real software and real testing. Most, most of that had actually been completed, by 1996. That is reported on, as far as the project aspect of the, of the thesis is concerned.

10 ADV SIBEKO: Could you just briefly tell the Commissioners what a project in your doctoral thesis dealt with?

DR YOUNG: Yes. We will have to go back, just a half a of a step, is that in 1989, 90, we have started a project for the predecessor of the Corvettes and the Project Sitron, it was a frigate called, it was Project  
15 Falcon, Project Foreshore and Project Falcon and we had done some work on that. Money had to be expended on both the effort and the [indistinct]. Basically, the equipment together for, basically for what we called as a, a test bed. But, that was reconstituted, once I formed my  
own company in 1992 and I, I had finished my Master's dissertation, by  
20 the end of 1992. But, that whole test bed was used, to develop and qualify the concepts, which firstly, got documented in my Phd thesis and then formed the embryo of the work that was done for the Corvette project and Project Sitron.

ADV SIBEKO: Now this Project Sitron, you are referring to, when did it  
25 start? Can you recall?

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DR YOUNG: As far as I know, the project, or at least, my knowledge of it, or involvement of it, started in 1993.

ADV SIBEKO: Now, apart from the academic qualifications that appear in, at RMY 1, this is your cv. You said that you are a professional engineer and you are registered as such. Is that correct?

DR YOUNG: That is correct. I am registered currently, with the Engineering Council of South Africa, who is responsible for that.

ADV SIBEKO: Yes. You, having, having done, or having been involved in these projects, development projects, relating to the combat suites, et cetera, as you have just testified, how long have you been working in that area?

DR YOUNG: Well, my whole professional life, I have worked in the area of data communications, connecting pieces of equipment together, from 1982, when I started work. From a military point of view, I started at a [indistinct] we see, in 1985, when we did very much the same thing on a new submarine that the, that we were building for the Navy. So, *ja*, from a military point of view and directly relevant to the context of these proceedings, 1985.

ADV SIBEKO: Correct. Under the section dealing, under the section dealing with your employment, you list entities, such as Teltech, Plessey South Africa, UEC Projects and Yokum and you set out the period, during which, you worked at these companies. Very briefly, tell the Commissioners what kind of work you did, at each of these companies and why these companies were important.

DR YOUNG: Okay. Teltech is the name of a division of Standard

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Telephones and Cables, which is now, these days part of the Altech Group which does a huge amount of telecommunications in this country. But, basically, as I said, my responsibilities in the, there all involved data communication, which technically speaking is a pre-cursor of what I have done in, in the military context. For the next 18 months I worked at Plessey South Africa, which is now called the, residue of, is now called Telemac, which is also involved in these strategic defence packages. But, then, again I was in the telecommunications division and I did basically, more of the same, connecting pieces of equipment, together with the pieces of wire and software. Then, I joined a company called, Trivett's UEC in beginning of June 1985. Pretty much, of what I have been doing there, in a non, previously in a non-military context, I started doing, as I have said, in a military context and for submarines. For the next project, when this got cancelled in, I think it was 1988, 1989, I was involved in more data communications, but specifically for a combat suite for a submarine. The last couple of years at UEC Projects, it became UEC Projects, after the Altech group bought it in, I think, it was towards 1986. For the last couple of years 1989 to 1991, when we stopped working on the submarine project, we started working on Project Foreshore and Falcon, which was a frigate, which was kind of a predecessor or it is the, it is called a predeceased project, Sitron round one. So, and that was a, again, data communications, system integration, using data for a combat suite, but not of a submarine, but for a certain special, called a frigate.

25 ADV SIBEKO: And your, your involvement, at the company CCIL

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Systems, also known as C Square I Square, can you tell us briefly about this?

DR YOUNG: Yes. I started working and operating the company, I think, it was on the 3<sup>rd</sup> of February 1992. As I have said in my witness  
5 statement, I had registered the name of the company, about, I think, it was a year and a half before that. But, it was, it was just a dormant, it was a shell company, just reserve a name and have a company. Thereby, it also had a company registration number. But, I started working in February 1992, at, I think, it was then a subsidiary of Denel,  
10 which is called Homing Technologies, in short for Hotech, out there, by Grabouw, where we were designing, what they call a space launch vehicle. In its, in its previous form, I worked on RSA 4, which never physically existed. They were launching RSA 3, which was a similar version. But, RSA 2 and 1, were actually military missiles to launch,  
15 *inter alia*, nuclear missiles. There was a satellite involved as well. Basically, for the first five to six months of my working life at C Square I Square, I worked out there, four days a week at the facilities, which about 100 kilometres, or so from Cape Town, out in the, out in the bush. Thereafter, that project came to an end and I went back and started  
20 working from Cape Town. Soon after that in, I think, September 1992 I was contacted by Armscor, to find out whether I would be interested in carrying on at a technology development level, not at a technology retention level, in Project Diodon, what was technology development for the Navy, for future technology. But, whether it included submarines, I  
25 do not know, but certainly surface vessels. The answer, of course, was,



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yes, but only if we started working on that, some time in early 1993.

ADV SIBEKO: And this is after you had left Trivetts UEC Projects. Is that correct?

DR YOUNG: Yes. Actually, Trivetts UEC (PTY) LTD, became UEC  
5 Projects in around about 1986. But, then it was called UEC Projects  
(PTY) LTD.

ADV SIBEKO: Alright. So, that entirely, we have basically dealt with  
what is contained in the RMY 1. That is the short form of your  
curriculum vitae. At paragraph 5 of your statement, in paragraph 5 and  
10 6, you, you say that the facts contained in this statement, some you  
have personal knowledge thereof. Some of it has come to you in your  
capacity as director and effective beneficial active holder of C Square I  
Square. Can you explain briefly what you mean by that?

DR YOUNG: Yes. Yes. I had a personal involvement, obviously, in  
15 the company and the company had an involvement in the strategic  
defence packages, the Armsdeal. So, there, from a personal point of  
view and from a company point of view, I have been exposed to many of  
the processes, both documentary processes and the meetings and  
interactions with a huge number of colleagues in the industry and of  
20 course, formally provided with literally thousands of documents in the  
bona fide and legitimate stream of things for the implementation of that  
project. We are talking specifically of the Corvette project. But, I was  
also involved, to a smaller degree, a smaller degree in the submarine  
project.

25 ADV SIBEKO: And that is confirmed, largely, in paragraph 9 of your

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statement, where you set that out that you were involved in certain of the processes, for the acquisition of four Corvettes for the Navy and in particular, the Corvette combat suite. Could you expand on that for me?

DR YOUNG: Yes. Typically, a, a vessel is divided into what they call

5 the float and the move part and that is the Corvette platform. Then there is the fight part, which is the combat suite and we were mainly 99.9 per cent involved in the, in the combat suite part. But, I had a small, small involvement, not necessary contractual, but in terms of knowledge and information in the platform part, which we address in this  
10 witness statement, in the evidence, called the integrate platform management system and specifically in the simulator therefore.

ADV SIBEKO: So, is it, is it correct, as you point out in paragraph 10 of your statement that it is because of your interest in the SDP's, you have familiarised yourself with matters, outside of the Corvette and  
15 combat suite of the Corvette?

DR YOUNG: Yes. I certainly had an interest, a professional interest in what we tendered for and what we did. But, as my witness statement, of course, clearly, very clearly states, there is in my view, certain things that are questionable and I took up, not or as an interest, a particular  
20 interest in what went wrong. What I, in my view, what I thought went wrong and so, I made it my business to find out, what actually did happen, in the Corvettes and the combat suite in particular. Basically, as a kind of a spin off, you know, once one gets involved a lot more information came to me. Documentary evidence, as well as discussions  
25 with a lot of role players, about the other aspects of the SDP's, not only

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the submarines, but I have learnt a lot, about the military aircraft and even the, the helicopter aspects of the acquisitions.

ADV SIBEKO: Now, if you turn to, if you turn to paragraph 12 of your statement, it appears on page 3.

5 DR YOUNG: Yes. I have got it.

ADV SIBEKO: You have got it?

DR YOUNG: I have got it, yes.

ADV SIBEKO: Alright. You state there that:

10 *"Since your initial involvement, it is become the nature of things to become as familiar and knowledgeable, with the other aspects of the SDP"s, such as circumstances allow."*

And you continue to say:

15 *"In that regard, you have come into contact with many people, interested in the SDP"s, including official South African and official international investigators."*

Now, if you pause there, which of the official South African investigators did you come into contact with, in the course of the investigations, relating to the SDP"s?

20 DR YOUNG: Okay. The very first units, with whom I had contact was the Special Investigating Unit. It was then headed by Judge Heath. When they ever got a proclamation, or clear they were not going to get a proclamation, to investigate, they handed me over to the Auditor General and there was interaction, then, with the other, other investigation agencies, being the Director for Special Operations and the  
25 Public Protector. Those three organisations became the Joint

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Investigating Team, for the, for the SDP's. So, that was effectively, the team, plus of course, as I said the Director for Special Operations had a kind of a special role in that. When the Director for Special Operations was closed down, I think, it was about 2009, not that many years ago, comparatively speaking, then I became involved with the unit that effectively took over their responsibilities, which was the Directorate for Priority Crime Investigation, which is a division of the South African Police Services.

ADV SIBEKO: Now of the international investigators that you had contact with, in the course of your engagement with the SDP's, are you able to say, which of these you had the contact with?

DR YOUNG: Yes. The first one was the British Serious Fraud Office, the SFO, who was put into contact with me, by a senior special investigator, Wilhelm Kreisman, I think, his name was, who was responsible for the aircraft investigation in the JIT, before he resigned. At, whether it was his request, with instigation, or the SFO's instigation, they wanted to meet me. Their principal investigator, Gary Murphy, and his colleague with the SFO, she was a Barrister, a special investigator, they came out and visited me in the UK, with Wilhelm Kreisman and there has been a bit of interaction, by email and documentation, since then. The other one is the, the German investigating authorities. I am not quite sure, who initiated the contact. I think, it was basically, sort of semi-mutual, but with the third parties, putting this together, but there were two investigations in Germany at least, one for the submarines, one for the, for the frigates. The particular ones that I dealt with, were in

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Dusseldorf and they were the detective branch of the, of the German police in Dusseldorf and they were responsible for investigating the, the Corvette deal. There has been some interaction with the people, I think, it is in Essen that they have also, other people in Munich, involved in the, in the submarine deal.

ADV SIBEKO: Now ...[intervene]

CHAIRPERSON: Advocate Sibeko, I am sorry, just before you pass there. I did not quite follow the witness. The German investigators, who, in particular did they get in touch with? In order to do your investigations, but then, who in particular did you get in touch with? Can we get the full details of those people?

ADV SIBEKO: Do you understand the question that was put to you, by the Chairman?

DR YOUNG: Okay. I did actually, fully answer your question. That is actually an extra thing that now I am being asked to divulge the details of individuals. I will be frank, at this point in time, there are particular sensitivities involved in this matter. We will deal with the matter of the MLA's, the mutual legal assistance requests, backwards and forwards, between the countries and the investigating patency. But, I think, it is safe to say that the head of that unit, in Dusseldorf and I have spoken to him on the phone, but he cannot speak English properly and he asked, and I phoned back and I was put on the speaker phone to people, who could speak English. I do not know who they are, exactly. But, there is documentary on the record, of my communications with a detective, Chief Inspector Andreas Bruns of the Dusseldorf criminal investigation

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unit.

CHAIRPERSON: Dr Young, I do not quite understand your answer. The question is simple. You are saying that you spoke to certain investigators in Germany. Who are those investigators that you spoke to?

DR YOUNG: I think, I have just made it clear. Chief Detective Inspector Andreas Bruns, whom I spoke to on the telephone and he did want to talk at great length. Because he did not, well, he could understand English, but he could not speak English, I do not know, but, I, I have phoned back and spoken over speaker phone, where he had his colleagues there or at least listening to me. But, I do not know the identities of people in his team, with whom I communicated by telephone and then, speaker phone.

CHAIRPERSON: Let me follow. Besides Andreas Bruns that you have mentioned, which other investigators did you speak to?

DR YOUNG: I do not think I have spoken to any other investigators from the German police. But, I have communicated by email, not so much with the German police, because they would not deal with me directly, but they handed me over to the prosecuting authority. I think, I can remember a name of Martin Fischer, Advocate Martin Fischer, with whom I corresponded, by email.

CHAIRPERSON: So, if I understand this, you spoke only to one person. Then, the others, you have communicated with, over emails.

DR YOUNG: No. I did not say that. I said I spoke to Chief Detective Andreas Bruns. He is the only person, who I knew by name and when

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we spoke later, by speaker phone, there were, at least one, there might have been more, more, I do not know. One of the people was meant to be fluent in English and I cannot quite remember this, going back probably to 2008 now. Probably that person asked me questions in  
5 English and translated for their boss, being Andreas Bruns.

CHAIRPERSON: Okay. Thank you.

ADV SIBEKO: Thank you, Chair. During, during the course of your communication with either of the investigating authorities that you have described, in your evidence, were you furnished with any documents,  
10 relating to the investigations that were being conducted by them?

DR YOUNG: No. They have never given me documents. Certainly, the Germans have never even discussed documents, with me, at all and certainly not directly. As far as the Serious Fraud Office is concerned, I have never received from them, documents. But, in my office, they did  
15 give me a blue lever arch file, which had several dozens, dozens of pages of, of relationship diagrams, created by some computer software. I think, it is IBM software that creates relationship diagrams. They wanted me to look at that, which also includes people's names and things like, transactions. There was the, a sort of different view that,  
20 which is more in tabular format and was like a spreadsheet, which has got financial transactions, including benefactors, beneficiaries, I think, bank account, bank details, dates announced. They really wanted to know from me, whether I recognised any of the, the parties involved. It was, that itself, must have been 10 to 20 pages and I spent 15 minutes  
25 going through it. I have to be very honest, 99 per cent of all of those

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things did not mean anything to me. They were probably let us say three or four or five, which I kind of recognised. But, nothing was new to them and then they, so, and, and they said they would give that copy to me. They just asked me to quickly peruse it. Then, he took it back.

5 ADV SIBEKO: In paragraph 14 of your statement, you mention that you have previously made some submissions to the Commission. Can you just briefly describe what those entail?

DR YOUNG: Well, I think, it is one, one formal submission. Of course, there are other plenty other administrative type of submissions.

10 But, the particular one, with reference to the draft witness statement, is, that came to me from probably reading the transcripts, is that, if I wanted to, to cross-examine any of the witnesses, who have preceded me, is that had to be in the, in the light of the context of a summary of my own evidence, before the Commission. So, at that stage, I had a

15 draft witness statement. We are going back now, a year or so ago, it was. I did sign that, but I very clearly annotated that as draft. I submitted that to the Commission, as what I understood to be a prerequisite for making another submission to formally cross-examine one of the witnesses. At that particular time, it was an Armscor witness,

20 by the name of Fritz Nortjè.

ADV SIBEKO: And you have also made a discovery of certain documents, during the course of 2011, of the documents that you intended to use. Is that correct?

DR YOUNG: Yes. I think it is certainly not something I initiated.

25 Armscor initiated a standard Rule 35, rules of the High Court application



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for me to discover. The Commission issued an order, where I actually did such a discovery, which was far more than that, because it did not just produce a, a schedule of documents. It actually culminated, according to the schedule of me, actually producing each and every  
5 single one of those 1061 documents, in pdf format, which I handed to the Commission. I think, it took 365 days, to the day, the 5<sup>th</sup> of March last year. So, I not only did the discovery, but I actually furnished all the documents to the Commission a year ago.

ADV SIBEKO: And as you give evidence today, you do so under  
10 compulsion of a subpoena. Is that correct?

DR YOUNG: Yes. I, I am not a, I am not, formally speaking, a willing witness at this Commission.

ADV SIBEKO: Alright. At paragraph 18, well, at, at paragraph 17, if we track back a little, you say you have deposed to an affidavit in the  
15 Constitutional Court, supporting Mr Crawford-Browne's application, to have the Commission established. Do you confirm this, then?

DR YOUNG: That is correct, yes.

CHAIRPERSON: Sorry, can I ...[intervene]

DR YOUNG: That is correct, yes. But, if I may, I see we have just  
20 jumped over paragraph 16. I wanted to ventilate at some degree ...[intervene]

ADV SIBEKO: Yes ...[intervene]

DR YOUNG: But, of the several hundred documents, that we are using, in my witness statement today, half of which we have copied is  
25 the vast majority, were provided to the Commission on a digital format in

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pdf, a year ago. Just a small amount, I am talking about a couple of thousand, were provided to yourselves, on behalf of the Commission last week. The reason there, of course, a year has, has gone by, since and many other witnesses have testified and in reviewing their own  
5 testimony, of course, it has given, it, itself has given rise to further documents and also further evidence of my own, which has necessitated the production of, of further documents. That is a reason why there are further documents from, from last week. Of course, we worked over this, over the weekend and the documents that I added to, in my witness  
10 schedule, I have produced. I gave it to the Commission on Tuesday morning.

ADV SIBEKO: You, you mentioned also, that you have been previously involved in the litigation of various parties and this appears at paragraph 18, of your statement, in relation to the SDP"s. Can you just  
15 briefly tell the Commission what these entailed?

DR YOUNG: Yes. There were various legal processes. Some were Civil Court cases, involving a, an action for damages, which basically did not make court. It was settled out of court in 2007. But, it went pretty far, certainly as far as discovery, from our side, to the, the other  
20 three parties. Unfortunately, it never involved any discovery from those parties. But, it certainly involved a lot of documentation. There were a couple of other civil actions, were, which particularly there were defamation claims, which also involved and yielded a lot of documents, of course, which I have today. But, there, as I have said here, there is a  
25 thing, called the Promotion of Access to Information Act in this country. I

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used that act, in about three or four instances. There was one to the Department of Defence. There was another one to Armscor. They eventually amalgamated forces there. So, it was a joint one. There was one to the Auditor General. There is one to the Public Protector. There was, I think, those are the main ones, that actually went, went far. They went to court. Actually, they went right to the Supreme Court of Appeal in Bloemfontein. But, certainly, from the Auditor General's side, it eventually yielded, just under the reduced record, which involved the Corvette combat suite only, several thousand documents, maybe, several tens of, tens of thousands of pages of documents, in six tranches, over three years. I am just saying, because there is a big disjointness of information, of which I have had to use, analyse the purposes of, of this particular endeavour right now. Then, the same from the, the joint approach from the Department of Defence and Armscor, also over several tranches, over a period of time and I also received many, many thousands of pages of documents. Many of the documents that I have been able to, first of all, get a view of the bigger picture, are documents that have been provided to me, under, under the Promotion of Access to Information Act.

ADV SIBEKO: And the, what you have just stated in your evidence is, it is confirmed in what appears in paragraph 19 of your statement. You say that of the volumes of documentation that were provided to you, among others, you have applied a process. You have used some of those documents, to support the assertions and contentions that you make, in your statement. Is that correct?

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DR YOUNG: That is correct. I said, I think, when my, my discovery schedule is a 1061 documents, but that is related, or relevant documents. Altogether I probably have several, five thousand documents. But, they are not directly related to this issue. But, it all, it all involves, I think, I did a, that is 25 000 pages, of which we, I did a quick count, the second part of our bundle, quite, is going to take us through about 160 documents. So, I have just used, it is 160, about 10 per cent, of what I discovered, in my discovery schedule.

ADV SIBEKO: And it is also correct that over the time that the Commission has conducted these proceedings, you have followed them. You read the transcripts, as well as some of the documents, contained in the bundles of each of the witnesses and you see how this impacts on your evidence.

DR YOUNG: Certainly, in the main, especially, where it affects my particular area of interest, I have certainly read the transcripts, the witness statements and most of the, the evidence bundles, which have been published. There are other areas, which I hope to be able to get to. I cannot say I have [indistinct] every single thing of any single witness. But, where it affects me, I have at least, tried to familiarise myself, with what I think is relevant to my participation.

ADV SIBEKO: Now, as from, as from paragraph 21 to 28, you deal with your academic and professional qualifications and accreditations. You will recall that we have already dealt with your Bsc Eng, Msc and Phd. Is there anything else you need to add, regarding your academic and professional qualifications and accreditations?

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DR YOUNG: No. I think, that is sufficient. Sorry, I think, that is sufficient for the, these purposes, at the moment.

ADV SIBEKO: Now, Dr Young, of particular interest to me is what appears at page, at paragraph 27. You say there in December 1991,  
5 you were invited to deliver a paper at the Royal Institute of Naval Architects NAVTEC '91 International Symposium on Information Technology and Warships in London. You give a title of the paper that you delivered there. Now, when you were invited, in what capacity were you invited? Was it personal? Or you were representing some  
10 institution?

DR YOUNG: Okay. I have only, in to, put this in this particular part of my witness statement, as part if my credentials.

ADV SIBEKO: Yes.

DR YOUNG: As, as, I think, I say a little bit later, if some, I am going  
15 to be asked, I think, for my opinion on certain aspects and I understand, legally speaking, only experts can tender their opinion. So, I have put on the record that, I think that my academic and professional background, qualifications and experience, possibly qualify me, to be an expert witness. That is the reason why this appears there. But, it is  
20 also a pre-cursor for what I deal with, much later, in my witness statement, specifically responding to evidence, given by a previous Commission witness, Admiral Kamerman, where this, these points are brought up. There I specifically deal with the why"s and the wherefore"s. If you want me to deal with it right now, I certainly can, from memory.  
25 But, if you want to leave it until later, there is more, there is more

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performing on the, on the hyperlinks.

ADV SIBEKO: But, if you just deal briefly with it, just as an appetiser of what is to come in full detail later.

DR YOUNG: Okay. As I have said before, I was working on Project Frizzle, was the combat suite part of Project Foreshore, which became Falcon, in the 90, maybe late 1989, 90 periods. I, I think, it was certainly early 1991, those projects got cancelled. I have testified before, and other witnesses have testified for lack of funds. Okay. But, we had received, I am talking about [indistinct] the projects now, a small  
10 ...[intervene]

CHAIRPERSON: Advocate, Advocate Sibeko, can the witness talk into the, into the mike? We are struggling to hear him.

DR YOUNG: Okay. I, I have been asked not directly, because then it hisses. So, okay, but if it hisses, I just need to be told, because I cannot  
15 hear myself hissing. Okay. So, we received a contract, when I say we, a team at UEC Projects, led by myself, to do some of the initial preparatory work, for the, and I can hear a reverberation now, for, for that particular project. We probably have not been going six months, in fact, we have not even expended that money of the project, when it was  
20 cancelled. The project officer of Project Frizzle was somebody, called Commander Brown MacBeard. In the year previous, 1990, there was a NAVTEC '90, a symposium every year, which he attended, he and a couple of Armscor, Navy and Armscor, he attended, just as a, as a guest and not as a speaker. He said he had learnt a lot. It was his idea that I  
25 should attend, also, just as a participant. Because this particular

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symposium, NAVTEC '91, the theme of it was information technology and warships, which is right down my alley, so to speak, data basis and where ever I do, is involved in information technology. So, I made an, in fact, it was his idea, right up at the front, he said why, with the

5 knowledge of the Armscor programme manager, who was somebody, called Anton Jordaan, at that stage, why do we not use some of the outstanding unspent project funds, to send me overseas, to attend the conference. The time was short, at this stage, so I actually phone them to find out. Also, I was not, at that stage, even sure, whether they would

10 welcome South Africans, because these were, this is 1991. It was of the years of the embargo and although the cold war was over, South Africa was still somewhat of a [indistinct] in the world. Anyway the secretary of RINA was very friendly and he said, have you not got a paper to present and I said, no. He said, come on, surely you can, we are short of

15 papers and what is more, if you can prepare the paper, your entrance is free. So, you only have to pay for your airfare. That was 435 pounds, which sounds like four thousand, four thousand. No, it works about R8 000.00, but in those days, it was a lot of money. Anyway, this was August 1991. By I would say two months, I put together, in my head a

20 synopsis and I realised I could actually give a paper and I submitted a, a synopsis of it and it was accepted. So, I tendered as a speaker and the project funded my airfare and my two nights at the hotel, where the symposium was held. Let me just try and think of, yes, of course, although the project funded, the, the money actually had to come from

25 the company, because the company had been paid the money, by

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Armcor. So, all the administrative things were, were done. The application went overseas, for the trip and the foreign exchange, all that stuff was done by the company UEC Projects.

ADV SIBEKO: Now, the, the paper that you have, that you delivered, eventually, is, is a document, you have referred to in square brackets at the end of paragraph 27 as IM.infra.pdf. Am I correct?

DR YOUNG: Yes. I have just opened the hyperlink to my soft version of that and that is called information, it was the title of my paper, information management infrastructure for an integrated ...[intervene]

10 ADV SIBEKO: Speak into the mike ...[intervene]

DR YOUNG: Sorry. The, that is a reference to the title of my paper that I presented to the symposium and that is called an information management infrastructure for an integrated combat suite architecture.

ADV SIBEKO: Now, that document is now in the bundles and it is referred to as RMY 2, which, Chair, you will find in file one, at, as from page 3. File one, page 3. Now, Dr Young the, the document, I am showing to you, would you confirm that that is the document, the cover of the document?

DR YOUNG: Yes. I have got that in, yes, I have that in front of me.

20 ADV SIBEKO: Yes. Now, at page 3, it sets out the summary of the paper and would you, do you confirm that, what is set out in the summary is what you have described, this paper as dealing with?

DR YOUNG: Yes. I confirm that. Although I am, at this stage, I am working from memory.

25 ADV SIBEKO: Yes.



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DR YOUNG: I have not gone through this, in the last couple of years.

ADV SIBEKO: I, I understand. Just below that is another document, you referred to as Y RINAS2. What is that document? The next document, for purposes of identification in the bundle, is now RMY 3,  
5 which appears, as from page 32.

DR YOUNG: Yes. That is correct. The s stands for slides and what the documents, I have in front of me is a colour photocopy of the slides that I presented at RINA.

ADV SIBEKO: So, the document at YM 3, accompanies the document  
10 at RMY 2.

DR YOUNG: That is correct [indistinct].

ADV SIBEKO: At, at paragraph 28, you mentioned that, you mention there that you have delivered another paper in 1992, at an Armscor sponsored industry workshop. Could you just briefly tell the  
15 Commission what that was about?

DR YOUNG: Yes. I have just mentioned that, partly, as a, as a, to qualify me, as an expert in this particular field. But, it is also a, as you call it a taster, a pre-cursor what I ventilate in slightly more detail, much further on, in my witness statement. Because even though I have been  
20 requested, while an employee of UEC Projects, by Armscor to deliver this project, by the time the symposium, I think, was actually delayed by a few months. I was able, it came around, I left UEC and I was with my own company and I actually tendered my so-called resignation to the Armscor manager, Glen Murray, who was running that symposium. He  
25 insisted that never mind, you must carry on doing it, whether it is in your

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own name, or your, your company's name. I actually, I actually gave it in my personal capacity in, well, in, I gave it, but in the company's name, despite that I have been asked before I, before my company started operating. But, if I may, you are talking about a taster and pre-cursor, we have just traversed the RINA paper and the RINA slides. I, I just want to point out, at this stage that both, I got them both in front of me and the, the copy of the paper, which was available, long before I have [indistinct] toward the summary, gives the name of the presenter, being me, as Richard Young PRHBSC from C Square I Square Systems (PTY) LTD, Cape Town, South Africa. The, whereas the slides have a logo, which you can actually see, is done quickly in Coral Draw by me, long before I had a business and proper logo, in a, in a hurry. It does have a registration number of the company that I used, my own company. But, if you can see, very clearly, you will, I had absolutely nothing, from RINA or from Armscor, as we will come to later, or anybody else, in my own company that I was giving this paper in and they, in my name, in the name of a company called C Square I Square, even though, at that stage, I was working for UEC Projects.

ADV SIBEKO: Okay. Now, having dealt with the papers, that you have referred to, as from paragraph 29 of your statement ...[intervene]

COMMISSIONER MUSI: Can I, can I just, quickly, before you, you go further, just ask for some minor clarity? The, the paper you delivered, at the conference in London that was in December 1991. It is before you got your Masters.

DR YOUNG: Yes. I submitted my Masters dissertation in around, yes,

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I submitted my Masters dissertation, as I say in my witness statement, in, well, I certainly say, I received my Masters in December 1992 and I delivered the paper, I delivered the paper in December 1991. I submitted my Masters dissertation for examination in September 1992.

5 COMMISSIONER MUSI: And when you, you submitted the paper at the Armscor conference, you were also still busy with your Masters.

DR YOUNG: Yes. As far as I remember, yes.

COMMISSIONER MUSI: And, and you said, this paper, you delivered under the name of your company, the Armscor conference paper.

10 DR YOUNG: I actually cannot remember, exactly, because I do not have a copy, copies. I do not even know, whether they still exist. But, you know, when a speaker is introduced, they normally introduce his organisation and what I, from what I can remember in 1992, I was introduced by name and representing CCII Systems.

15 COMMISSIONER MUSI: So, that company was already registered?

DR YOUNG: Yes. As I, as I said before, I registered the company, in fact, I think, the company registration number, it has got a 90 at the end of it. No, not the end of it, the beginning of it, so that means, it was registered in 1990, my name and I have got a number. I started working  
20 for C Square I Square, it became operational on the 3<sup>rd</sup> of February 1992.

COMMISSIONER MUSI: So, so when you registered the company and also delivered the conference papers, you where, you were still employed, by some other entities?

25 DR YOUNG: Sorry, I did not quite hear. The [indistinct] are battling to

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hear ...[intervene]

COMMISSIONER MUSI: Can, I think we ...[intervene]

DR YOUNG: I, when I gave the RINA, the RINA paper, I was employed by UEC Projects and when I have the Armscor paper, I was  
5 employed by CCII Systems.

COMMISSIONER MUSI: Thank you.

ADV SIBEKO: Just as a follow up, to the question that Commissioner Musi just put to you, with regard to the paper, you gave at RINA, RMY 2, if you look at the front page, which is page 3 of the bundle, you say that  
10 it was quite clear, who the author is and which company the author is representing. It appears there C Square I Square Systems, I just need clarity into when you say, at the time you presented this paper, you are an employee of UEC Projects. Yet, on the paper here, C Square I Square Systems appears as the company, ostensibly that would have  
15 sent you. Can you just clarify it?

DR YOUNG: Yes. That is correct. Do you want me, do you want me to clarify it now, because we, we actually go into far more detail, in the relevant part of the witness statement. So, we will pick, I will not only be pre-empting it, I do not have the, the luxury of being able to hyperlink  
20 the relevant documents. I can jump to it, sure. But, if you certainly want to vent, to address it now, I can do so.

ADV SIBEKO: No. Just, just keep a note, at the back of your mind that we are going to need to clarify this, this issue, when we get to the relevant part of your evidence that deals with this.

25 DR YOUNG: It does not need to be in the back of my mind. It is right

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there, in the front of my statement.

ADV SIBEKO: As from paragraphs 29 and further, in your statement, you deal there, with your relevant working experience. This is a matter that we have traversed. Is there anything else, you need to add, over  
5 and above, what you have already testified to?

DR YOUNG: No. What I, what I specifically addressed, was my, my working experience, up until UEC Projects. You might have asked me to include my working experience at CCII Systems, which I have not done. I am not sure, if it will be absolutely necessary. If you want me to  
10 address there, I can.

ADV SIBEKO: I, I would like for you to do that, if you do not mind.

DR YOUNG: Okay. I did start touching on it. I resigned from UEC projects, the last day of January 1991. I did my first day of work at CCII Systems, which the first working day was Monday, the 3<sup>rd</sup> of February  
15 and that particular day, I actually spent out at Hotech, near Grabouw. There, I worked out their concite, mainly until the end of June that year. From then, I have always been a managing director of the company, because I was more or less a one man band for my first couple of months. But, then, once I started working eight hours a day, at, at  
20 Grabouw, I started setting up the company and doing all the necessary things, hiring employees, getting offices, getting infrastructure, et cetera, which I basically did, for the first while. I then started doing real work. As I said, I did not even market myself to, to Armscor, setting up, in respect of, of the combat suite work. But, they approached us in  
25 September 1992 and from 1993, we started working on project Diodon.

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Project Diodon, the same year, we started working on the very initial stages of Project Sitron, which I call Round One, I think, it has been referred to as Phase One as well. Basically, we have been working, as a company and me, in particular, as a manager, as a managing director as an engineer, as project manager, all of those things that make a small company work, from February 1992, until this very day.

ADV SIBEKO: You have earlier, in your evidence, dealt with the cancellation of Navy projects that you have worked on, while at UEC Projects. This appears there, from paragraph 38. Do you see that?

10 DR YOUNG: Yes. I can see that.

ADV SIBEKO: Is there anything else you need to add there?

DR YOUNG: Possibly, as you, as you call a taste or a pre-cursor it is interesting that although the submarine project was cancelled in 1989 and the frigate project was cancelled in 1991, is that very similar projects were, as we call resurrected or started or restarted, as the submarine projects and the patrol Corvette project, which are the subject of the Strategic Defence Packages, in these proceedings today.

15 ADV SIBEKO: If you turn the page and you get to paragraph 40 on page 8, you deal there with your reasons for leaving UEC Projects. Can we just ...[intervene]

20 DR YOUNG: Yes. I can see that, starting at paragraph 40.

ADV SIBEKO: Yes. If you just give a summary of what is set out, under that heading, relating to the reasons for leaving UEC Projects?

DR YOUNG: Okay. I, normally, I would not address this, just as a matter of course in a witness statement. It would look to many

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observers as just, as a by the by. But, there is a very good reason, for me, to address it, which I do, in two manners. One, at this early stage, because it is, chronologically, it is obviously early. But, secondly, both in pre-cursors to these proceedings, I am talking about the public hearings

5 in 1991, it is not entirely right, 2001 and these proceedings, there are, evidence have been given about, and if I may be frank at this point, very negative reasons, of why I left UEC Projects. Okay. I want to rebut that evidence, which I will do, more fully, at the relevant part. I certainly can address that now from, again, from memory. But, maybe, just as a

10 taster, as you would say, is that, as I have also just said, I think twice, I have worked on big projects at, at UEC Projects. It was Project Winners on the submarine and Project Falcon and Frizzle for the, for the frigate and they were very, very large projects. You know, projects that take 10 years, of a person's career to, to complete and they were both

15 cancelled. I did not work for a very short time at UEC for seven years. But, in my seven years, that took up a lot of my energy and, and interest and whatever. But, both of them were cancelled and you know, it was the complete, it was the beginning of a new political dispensation. Even though, that the reason why the pre-cursors, because there had been a

20 war going on. They call it the border war, with the South African border war. That war had come to an end in 1989. There was no way that I could have known, in 1989 to 1991, 1992 period that these projects were ever going to be resurrected in any form. So, I did not have much hope, of carrying on my career, especially, you know, in Cape Town,

25 down there. So, when, when the two projects were actually cancelled,

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there was nothing in the horizon for me. I decided to leave UEC, and specifically, at the very end, which I do ventilate, is I was asked to and I applied for the position of branch manager, which was actually addressed in December 1991. The very same month, while I was  
5 overseas at RINA, the issue of who is going to become branch manager was being addressed. I never, I never made it. I am not going to go into details, unless I get asked upon, but I was not given the, and I was actually not only promoted to department manager, but I was actually moved departments, I think, much against my will. Then, I decided I do  
10 not need this and I decided to resign, to do my sabbatical and as I have talked about, finish off my Masters degree. So, that, in a nutshell, for these, the purposes of this point of the proceedings, that is why I left UEC Projects.

ADV SIBEKO: What, what you say, at paragraph 54 of your statement  
15 ...[intervene]

DR YOUNG: Sorry, can you just make it, I need time to catch up from paragraph 42 to 54.

ADV SIBEKO: While you look for paragraph 54 of your statement, Dr Young, can I ask you to, to speak into the mike. I see people at the  
20 back there, they seem to be struggling to, to hear you. Perhaps, what you could try and do, is, is to turn the mike to, at least, come towards the ...[intervene]

DR YOUNG: They do not ...[intervene]

ADV SIBEKO: Yes ...[intervene]

25 DR YOUNG: First, I have been asked not to do that and I can hear



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myself reverberating. They asked me specifically to put it to the side when ...[intervene]

ADV SIBEKO: Alright. I, I suppose that helps. Have you found paragraph 54 of your statement?

5 DR YOUNG: Yes. I have found it, yes.

ADV SIBEKO: And, and there, you described, why you deal with these issues, relating to the resignation from UEC, et cetera. Where you say there is a much more purposeful and you say that the, they were purposeful and indeed, in your view, sinister reasons for what I believe, 10 may have been said about you, in the evidence, by previous witnesses. But, what, what is the basis of the assertion that you make in paragraph 54?

DR YOUNG: Yes. Well, there are a couple of things. There is, the, the first is that, well, I left UEC Projects in a bad light. Maybe it is 15 relevant, at this point, to say is that, that the management of UEC had found out that I had registered C Square I Square, more in 1990, as we know and that I was working, basically, for two companies at the same time. I will, very, very vehemently deny that, that that is one of the bases. So, it is basically, it is a negative inference of why I left UEC. 20 You will see, from the evidence, that it is impossible, on their own version that that can be true. Okay. But also, in these proceedings itself is that there is something that I took. There is, in fact, there is an allegation that I stole, or I took the intellectual property of, okay, let us, let us put in a name of a particular individual, Brown, it is actually Law- 25 Brown, Doug Law-Brown, who was a manager at UEC Projects, in those

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days. I, I basically want to, to address that, in particular. But, it is basically, that I took something from the company, from, with whom I, for whom I had worked before.

ADV SIBEKO: And, and while we are here, dealing with that, you, you

5 mention, in paragraph 57 of your statement that there is a letter that was written to you, which deals with your separation from UEC. Now, that document, Chair and Commissioner Musi, is described in the statement, at the bottom of paragraph 57, as DT 1-0006. In the course of arranging the documents, we have marked it RMY 4, for purposes of identification and it appears as from page 65. Dr Young, could you comment on that?

DR YOUNG: There are probably, there are probably two relevant parts to this. The one is that, my leaving of UEC, first of all, in the context, was not in a negative light, whatsoever. The second thing is that I had no restraintive trade against me, whatsoever. Whatever I had done before, at UEC, I was free to, to continue with, at, at my new  
15 company, even though, at that stage, when I resigned I had, I had no knowledge or intention of it. But, in this particular letter, put, you know, is, is proof of that. Of course, it is also an introduction, of what happened, since, actually later, because, of course, this document is only 1992. Whereas, in the project of Project Sitron, we, we started  
20 working on this in 1993 and the contract was signed in 1999. So, we are talking about that period, after this letter. But, they do, at least, introduce the whole issue of protection of copy rights and patents. I have been accused point blank, of stealing somebody's intellectual  
25 property. Okay. Although it is in the name of a person, that person is a

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manager at UEC. I could not have, not possibly have stolen his intellectual property, because he does not have any. So, if, the inference has to be, that I took UEC Project's intellectual property. Okay. But, what, as I say, first of all, I was unaware, and certainly, by the stage I left, of any, there being any applicable relevant copy rights or patents, at that stage. I am also, at the same time, unaware of any intellectual property being developed, over the next seven years, say, at UEC Projects and which are the subject of what I might have stolen, over the next seven years. Okay. Also, what I have said is that, if there had been an owner of intellectual property, it surely would have been UEC Projects, or a successor in title, either African Teltech Defence Systems (PTY) LTD, or African Defence Systems (PTY) LTD. Neither of them, have ever contacted me, just to, normally, one does not accuse somebody of doing that, outright. He normally gets some, there has never been the slightest bit of inference, or direct allegations of that having happened. So, it, it is, the possibility of it happened, the probability of it happening is almost impossible.

ADV SIBEKO: And at paragraph 57, you actually quote from that letter.

Can I ask you to read that into the record, please?

DR YOUNG: Yes. I quote Trevor Moore's letter of 27<sup>th</sup> of March 1992 as follows:

*"I can confirm that, in terms of your contract of employed at UEC that restraintive trade does not exist. This implies that you are free to pursue any business activity of your choice and that, from a restraintive trade point of view, UEC has no recourse against you. However, UEC would*

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*still enjoy the protection of any copy rights or patents, which may apply.”*

ADV SIBEKO: Now, reading that letter, in its entirety, is one able to infer if, there could have been any animosity between you and UEC Projects, at the time that you left?

- 5 DR YOUNG: To be honest, I have not read this letter, in great detail, for several years. But, I do not think so, certainly, from the letter. In fact, now that I was looking at it, maybe I could just quote the last two, two sentences:

*“My own opinion is that employees, who have left UEC, to start their  
10 own business, have, in the main, continued to enjoy a positive  
relationship with the company. This has been achieved, through a spirit  
of co-operation in the business arena, rather than trying to compete, one  
with the other. I have no doubt that you would fall into this category and  
that your relationship with UEC Projects, would, I emphasize, continue  
15 to be a positive one. With best wishes for your future venture.”*

Well, I say that, in the main, the vast, vast main, maybe, right up until the time that ADS Air Supply was then acquired by the French in John Crishcamp's and Thomson CSF in 1998 and 1999, we had a very excellent spirit of co-operation. I was friendly. I prefer to use the word,  
20 collegial, the legal term collegial, with all the people I worked there, the company, company in particular. We certainly, there was co-operation and there nothing but a spirit of co-operation in the business arena. So, there was absolutely no animosity whatsoever. If I may say there was nothing, no animosity right until the, until the end days.

- 25 ADV SIBEKO: Alright. You, you have already dealt with what appears

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in paragraph 58 of your statement. That you are not aware of any, of the existence of any copy rights and patents, that were held by UEC Projects, as the projects that you worked on, while you were employed by them, were, or belonged or whatever copy right that may have  
5 existed, belonged to Armscor [indistinct].

DR YOUNG: That is right. I, as I said, that was my view, because I was unaware that anything other than what I was involved, was paid for, other than by Armscor. So, whatever was developed would have been owned by Armscor. In fact, everything that was developed, the software,  
10 et cetera was put onto a thing, called a, a project asset register. Certainly, in fact, there were two asset registers, what was owned by Armscor and if there was a company assets, project assets, there was that as well. I do not have the company documentation, for you to see. But, I certainly cannot remember there being any assets, whatsoever,  
15 that were registered on the company asset register.

ADV SIBEKO: Now, we, we do know now that you, you started working for C Square I Square from about February 1992 and that, after you started working for this company, your company, you were approached by Armscor, to, to be involved in, as you have described,  
20 Projects Diodon and the first phase of Project Sitron. This you deal with, in paragraph 60 of your statement. Can you just expand on that?

DR YOUNG: That is correct. As I said, my, the approach came to me from Anton Jordaan, on behalf of the senior manager, effectively, the divisional manager of Armscor's command control division, Pierre  
25 Logan. He phoned me, to ask me, would I be interested. I said, yes, of

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course. But, I did, I did actually say that, because I am always aware of sensitivities, sensitivities that we have just been discussing, regarding spirits of co-operation and intellectual property and restraints of trade. I said, you know, well then, I actually said to him, you know, this work I

5 did, while employed at UEC. He said, we know that, but we actually wanted to start this work at the beginning of this financial year, which I think, end of February. He said, but we have actually been talking to the people in, in UEC Cape Town branch. I will mention a particular name, if I have asked you, but I will not, because it is not a name, okay, but we

10 have given him six months, or whatever it was, to come back with a proposal. Technology development project were always preceded by formal, a formal project description, basically a proposal and they have not been able to come back to us. We, we are pretty desperate, because there is a, there are big projects coming, that need this. Not

15 only, have they been given their chance, but we also realised that the fact, that they have not been able to come back is that the knowledge is in your head. It is not, it is not general knowledge that has now been dispersed or instilled, wider than that. It is not as though you can be exclusive. You can be working very, very closely with UEC. They are

20 going to be involved with the system level and you are going to be involved in a very small part, the data base, which is at microscopic. So, it was not as though I was taking anything away. I was actually adding in a very small microscopic way. So, I had, I ventilated the issue. Anton Jordaan responded adequately to make me feel professionally

25 comfortable. Remember, I am a registered professional, well, I was not

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then. But, I, but, sorry, sorry, I was not from, I said I was a registered professional from 1986. It would be unethical to do something, from a professional point of view. So, I asked the question. I got an adequate response and of course, I was very pleased, both technically, academically and the business was to carry on.

ADV SIBEKO: Now, in order to facilitate your involvement in, in the projects, in respect of which, you have been approached in September 1992, certain documents were generated. These are documents you refer to at the end of paragraph 60. They are DT 1 0007, DT 1 0009 and DT 1 0010. Chair and Commissioner Musi, colleagues, we have marked these as RMY 5, RMY 6 and RMY 7, respectively. RMY 5, appears in the bundle, at page 66 and on, RMY 6 is at page 72 and further and RMY 7 starts at page 83. Now, Chair, I see it is 11 o'clock and my attention has been brought to the fact that it is 11. Will this be a convenient time to take the tea adjournment?

CHAIRPERSON: Thank you. Maybe let us adjourn for, for 20 minutes. Thank you.

ADV SIBEKO: Thank you.

(COMMISSION ADJOURNS)

(COMMISSION RESUMES)

CHAIRPERSON: Can the witness confirm that he is still under oath?

DR YOUNG: I am.

RICHARD MICHAEL MOBERLEY YOUNG: (s.u.o.)

ADV SIBEKO: May the record show, Chair, that the witness has confirmed that he is under oath.

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CHAIRPERSON: Thank you.

DR YOUNG: I am under oath.

ADV SIBEKO: Dr Young, when we adjourned, we were about to deal with the documents, that I referred to, in the bundle as RMY 5, 6 and 7, that appear at the bottom of paragraph 60. Have you got the first document, RMY 5, in front of you?

DR YOUNG: Yes. I have. Is that the one, is that is the delivery note?

ADV SIBEKO: Yes. That is the delivery note. Can you just explain what this document is?

10 DR YOUNG: Yes. Possibly, I should have actually proceeded with the other two. But, anyway, this is a delivery note, from UEC Projects to our company. The important parts are, first of all, that it is a delivery note of equipment. Secondly, that it is at the request of a senior manager, at Armscor, Mr Pierre Meiring. Thirdly, that, as it refers to in, 15 the four, pre-cursor, to the FDD Project and basically, what it is, is a transfer of project assets and they actually refer to here, the project asset register, which I have referred to, just before the, the tea break. Here, what this is, on a UEC letterhead, the transfer of project assets, from their company, to our company. So, anyway, this is one item of proof. Of course, this is a, a document, of which we were the receipt. 20 Because I do not have, you know, the documents from the UEC side. But, anyway, this is documentary proof that I never did anything untoward. There is no way that Armscor or UEC would have transferred project assets from that company to me, if I was trying to steal, steal 25 their stuff, whether it is intellectual stuff or physical stuff. So, that is the



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first document. Now, I go onto the second document. Alright. The second document, the second document is a, actually also a pre-cursor to the third document and it is also on an Armscor letter, stationary, right at the beginning, over here. It is a memorandum and it is a request for proposal for the information management system.

ADV SIBEKO: Chair, the document the witness is referring to, is RMY 6 that is at page 72.

CHAIRPERSON: Thank you. Dr Young, you may proceed.

DR YOUNG: Alright. It is dated the 15<sup>th</sup> of March 1993. It is an Armscor memorandum, on Armscor stationary, called a request for proposal for information management system. To my memory, this maybe, in documentary form, is the initial, the initial phases of our involvement in the information management system. Project Diodon, this relates specific to Project Diodon, which is a pre-cursor, technology wise for Project Sitron. But, this shows that formally, they initiated our involvement. It is not as though I marketed myself to them and begged, you know, them to give, take away the work from, from UEC and give it to me. So, here they, they requested a, a proposal from us. The next document is our response thereto, which is an offer for the technology establishment of next generation Naval combat suite. As far as I know, that that is Project Diodon, in response to that, that RFP. In particular, I wanted to highlight, what is on page 6 of 10 and that is paragraph 6.7, called the customer furnished items. Although this is my version in my document, this is a list of equipment that was held, on the FDB Project and eventually, formed the basis of the, the first document, the, the

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transfer of, of assets, at the request of Armscor, from UEC to us. That is again, the documentary proof, that, first of all, it was, nothing is initiated by me and everything was bona fide, on board, including me getting things, in this case, tangible things, from somebody else, to me.

5 ADV SIBEKO: Let us, let us just break this down, step by step. Let us, let us, first of all, go to RMI, RMY 6, page 72.

DR YOUNG: So that is the ...[intervene]

ADV SIBEKO: That is the first page of the memorandum from, which, which is a request for proposal, which, are you there?

10 DR YOUNG: Yes. It is an 11 page document. I am open at the first page thereof.

ADV SIBEKO: That is, that is correct. You, you will see, you will see the date on the document is 15/04/93. Do you see that?

DR YOUNG: That is correct, yes.

15 ADV SIBEKO: Alright. Then, the, in the, in the box there, in the heading section is request for proposal for information management system. There are, there is a numbering that follows there. At number two, a delivery address is mentioned there. Can you confirm that?

DR YOUNG: Ja. That is the name of our company CCII Systems.

20 ADV SIBEKO: Now, under, at number five, it says, only possible tender. What does that mean?

DR YOUNG: Ja. In those days, they did not, the Armscor did not necessarily have to go out to competitive multi source tender. If they, for good reason consider that there was only one practical contender,  
25 they went out to, what they call a closed tender, administered and they

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did it properly. But, we were considered to be the only possible contender and deliverer of this particular item of, of supply.

ADV SIBEKO: Then you, you made reference to the document RMY 7, that appears and it is on page 83. You say this is the offer that was  
5 submitted by C Square I Square. Is that correct?

DR YOUNG: As far as I can remember. I have not done all the cross referencing for a long time. But, it is, as far as I can remember, this was our response. This was our offer, in response to a request for comparison.

10 ADV SIBEKO: Alright. Now, you referred to, at page 6 of 10, which is page 88 in the bundle of documents. You say this is a list of what, what did you say that is a list of?

DR YOUNG: We are talking about the offer ...[intervene]

ADV SIBEKO: Yes ...[intervene]

15 DR YOUNG: To what paragraph 6.7 ...[intervene]

ADV SIBEKO: That is correct ...[intervene]

DR YOUNG: Entitled customer furnished equipment, commonly known now as CFE. Here is a list of some 15 or so items, of customer furnished equipment. So, the customer would be Armscor, furnishes to  
20 us the supply, their equipment, belonging to them. Okay. Not necessarily held by them, held by UEC Projects, at this stage and in order for us, to continue the project, we required them, to furnish this equipment.

ADV SIBEKO: Still, would, would I be correct to then assume that,  
25 once the offer or the response was made, to the offer that was

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submitted to C Square I Square, you began, as C Square I Square to work on this project.

DR YOUNG: That is correct, yes.

ADV SIBEKO: Now, having dealt with the transfer of the project to C Square I Square and the assets, relating to that project, it is correct that C Square I Square then began to run a business, for what it was set up for.

DR YOUNG: That is correct, yes.

ADV SIBEKO: You, you deal, as from paragraph 61 of your statement, with the beginnings of C Square I Square Systems. You have touched on this earlier in your evidence. Is there anything you would like to highlight there?

DR YOUNG: Okay. Not of particular importance at this stage, but it might come up later, is there have been expressions made. I cannot remember, whether in these particular proceedings, but certainly in the Public Protector hearings is that, you know, part of my, you know, the bad faith in leaving UEC is that I studied for my Masters degree there and that they paid for all my fees and I finished my Masters, working, when I worked in their employ. Nothing huge goes around it, but it also goes to the incorrectness of so much of the, the related and the relevant evidence. The, unfortunately, when, when you get to a situation like this, one has to provide not just facts, but absolute facts. I am correct in those facts. I did not start working on my Masters degree, when I worked UEC. I started doing my courses in, at, when I worked at Plessing. I paid for myself and then I, and then they paid me back. At

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UEC Projects, I paid for the first couple of courses and then, I got offered the assisted study scheme and they paid me back. I did not even start my dissertation, when I worked at UEC Projects. I started, when was working at C Square I Square and I submitted my dissertation

5 in September 1992. I got awarded my, my degree in, in December 1992. So, although it is small potatoes at this stage, it is a pre-cursor for much larger potatoes.

ADV SIBEKO: And this you point out at paragraph 70 of your statement, where you have said:

10 *"While all this might seem ancillary to the interests of the APC and the Commission, I need to rebut the allegations that have been made in this regard by the likes of Pierre Moynot of the ADS at the JIT public hearings as well as those made by Rear Admiral Jonny Kamerman during the APC's proceedings."*

15 Do you see that?

DR YOUNG: I see that, yes.

ADV SIBEKO: Now, who, who is Pierre Moynot, perhaps it is a fair question?

DR YOUNG: Pierre Moynot, I think, in that, before he retired or

20 resigned, as the chief executive officer of was African Altech Defence Systems and later became African Defence Systems, ADS, as, but before that, he was, what they call the double delegate of Thomson CSF. He was the head of Thomson CSF South Africa and then, he transferred, once Thomson CSF South Africa bought ADS.

25 ADV SIBEKO: Alright. And you, you will deal with the allegations that

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have been made, later in your ...[intervene]

DR YOUNG: Yes. I will try to do so, yes.

ADV SIBEKO: As from paragraph 72, you deal with work experience at C Square I Square. Is there anything you would like to highlight, specifically in those paragraphs?

DR YOUNG: Well, despite managing the company, that the relevance to these particular proceedings is that the IMS, which is basically, the, the substance of, you know, my detention it should rather, in the combat suites, at C Square I Square I was involved, both at a technical level, effectively, as the, the chief assistance engineer. Okay. I had a project manager and a project leader. But, they worked under my instructions. Certainly, for the first part, I managed the projects. So, I have a personal deep, technical and managerial understanding of the IMS. This is not just hearsay. This is something I know from within myself.

15 ADV SIBEKO: Good. Could you please remind us what the IMS is?

DR YOUNG: The IMS is a, an acronym for a, as system, called the information management system. It, it changed slightly, from the early days of Project Frizzle and Project Falcon, slightly, because there, when I conceptualised half the, it was a complete information management system in the true meaning of those words. Under Project Sitron, it got cut down a lot and it is, it, probably, the term information management system is a little, it is probably slightly [indistinct], for what it is. But, what it is, in the current context is a local area network, which is a, a data network. The term data bus gets used, very often in this context and these proceedings. But, it is basically a mechanism, a piece of

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wire, or fibre optic cable that connects lost of bits and pieces of equipment, whether it is in your office, or on a ship, together and in a particular ship and combat suite, it allows all these pieces of equipment to, to collaborate in real time and allows for example, a target to be  
5 detected and engage. It, the whole frigate scenario to be managed and guns to actually point at the target and, and hopefully engage the target. So, that is basically what information management system is. It is more of a, so it is more of a local area network, than a complete information management system.

10 ADV SIBEKO: Alright. Thank you. You deal in paragraph 76, as a, you deal there, with your qualification as an expert. I think, you have already alluded to this. Is that correct?

DR YOUNG: Yes. I have just put, yes, I have just put is in, Sir, if I do get asked, a technical, or a knowledge based question, on, for an  
15 opinion is that, I take it upon myself to pre-qualify myself as an expert.

ADV SIBEKO: As from paragraph 77 of your statement, you deal with the background to the SDP's. Further down, you, you deal with the acquisition process that was followed and what, what is, were responsible, in considering the proposals from the various suppliers. Is  
20 there anything you need to highlight, particularly, regarding the background, considering that much of what is set out here, has been ventilated, before the Commission.

DR YOUNG: No. If I may ask, up until what paragraph are you referring?

25 ADV SIBEKO: Perhaps, let us go right up to the end of paragraph 81

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and we will deal with the PCB pertinently.

DR YOUNG: So, we start at page, paragraph 82?

ADV SIBEKO: Yes. But, before that, is there anything else, you would like to add, on what you have set out, in this [indistinct].

5 DR YOUNG: No. I do not think it is necessary. Certainly, at this, I will, I would ventilate it more, if, if required, later on.

ADV SIBEKO: Yes.

CHAIRPERSON: Now, you have [indistinct] Advocate Sibeko. I am more interested, to hear the witness, about what he said in, in  
10 paragraph 80.

ADV SIBEKO: Dr Young, let us then, draw our attention to paragraph 80. Do you have it in front of you?

DR YOUNG: Paragraph 80?

ADV SIBEKO: Yes. In paragraph 80 ...[intervene]

15 DR YOUNG: Yes. I have that.

ADV SIBEKO: Yes. Perhaps to take it one step back. You say in paragraph 79, that the procurement, relating to the SDP's in that process, Armscor should have acted as the State's statutory procurement agency, in terms of the Armscor Act. But, at 80, you then  
20 say that it would appear that in reality, a, a hybrid process was used in the process of acquisition and you referred to the Ministerial directive and the 147. Can you just expand on that?

DR YOUNG: Yes. This, this is basically, first of all, it derives from my, my understanding, of having been supplier to the SADF and SANDF  
25 for a while, as well as obviously, through Armscor. It has always been



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my understanding that Armscor is the statutory authority, responsible for acquisition and take all of the requisite, which is marked technical decisions and leadership. Of course, in the SDP's and an important document, which comes along and it has been addressed by a number of witnesses and I did not realise it, until not that long ago, but it was actually, the very first document, released to me, under, [indistinct] tranche in my PIE application to the DOD. I have to be honest, in, when that happened, it did not mean much to me. But, certainly, it is what I have said. It seemed to be a Ministerial directive, drafted by, I think, someone called, Lieutenant General Du Preez, the Chief of Staff, Finance, or anyway, somebody responsible for acquisitions in the, in the SANDF and that it seemed to actually change, at least, in my view a number of, what I at least understood to be, clear acquisition procedures and principals, which derive from things like [indistinct], the Ministry of Defence acquisition methodology and documents that derive out of there. I am working from memory at the moment. Things like VD1000. As I have said, so it, you have got lots of the SDP's. There seem to be to, whether you call them hybrid or parallel processes. I think, important, an important part of here, maybe the SDP's is a starting point, the whole word or the, s comes from strategic. These were counted as strategic acquisitions. I think, MD147, it seems to give the, the Cabinet, the government a whole lot more, that much larger role, in this acquisition process, possibly on the grounds that this was a strategic acquisition. In, in my view, I would say that this is in contravention to, or contrary to the letter in spirit of, of the relevant

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statutory foundations for, for Armscor. Where we see, instead of the, I think an important aspect is, from my point of view, is we see in certain [indistinct] decisions, on contracting being made by the, the board of Armscor. Strangely, decisions get routed through Armscor to the  
5 Cabinet. The Cabinet make decisions and then it comes down, back again to Armscor, to kind of ratify decisions, which have already been made. That is why I referred to this process as hybrid. Certainly, in my, let us say, lay person's review of the proceedings, the transcripts, evidence of the SDP and the Commission thus far, it certainly, this  
10 whole Ministerial directives, MD147, it certainly seems to be controversial. But, if I, if I had to make a, it is like a summarised nutshell finding, it would seem that this directive, was not properly, legally founded.

CHAIRPERSON: I am sorry, Advocate Sibeko, up to now, I do not  
15 quite understand what the witness is saying. Because here, in paragraph, in this paragraph 80 he is saying:

*"I understand that although MD147 was drafted and to all intents and purposes used in finality, it was not actually approved for use in the SDP's. In my view this is a questionable acquisition practice and goes a  
20 good way to colour the acquisition process, which I will be describing in my evidence."*

Just ask him to, there were no details about this, about his understanding, where this understanding came from.

ADV SIBEKO: Dr Young, do you understand the, the question posed  
25 by the Chairman? As you have pointed out, in your statement and in

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your earlier evidence, your understanding of the procurement process, within the defence family, was that Armscor was the tender board, for purposes of running acquisitions. Is that correct?

DR YOUNG: That is correct, yes.

5 ADV SIBEKO: Now, when the SDP's or the SDP process was brought in motion, in your understanding the, the acquisition process, as set out, in the Armscor Act and the documents, policy documents, such as the VD1000 and KD1000, according to your understanding, were they faulty?

10 DR YOUNG: That is my understanding, yes.

ADV SIBEKO: Alright. But, over and above that, there was an, a Ministerial directive MDC, MD147 that was also applied in the acquisition of these strategic defence packages. Is that correct?

DR YOUNG: As I have said, there seemed to be parallel processes.

15 There seemed to be some of the traditional processes involved and there also seemed to be other parallel processes, which were also used, not so that they were authorised for use. So, you have got, like, what I describe as a hybrid process. They are probably and I am not familiar with every single detail, but for, for example, the fact that the Cabinet,  
20 making final decisions, regarding to the selection of, it refers to a [indistinct] main suppliers, rather than Armscor. That would be and that is only one example, of where, the hybrid process seemed to overrule the traditional, which I believe to be the standard, the standard process.

ADV SIBEKO: And this, you have illustrated in paragraph 81, of your  
25 statement, where you say the, the procurement process, used by

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Armcor and the DOD for the SDP's required that before they were submitted to the Cabinet, for final approval, they should first be dealt with, by various law bodies, within the Department.

DR YOUNG: Yes. Absolutely, there is a whole hierarchal technical and administrative decision making process, which I have, I have now described. Whether or not, these directly come out of MD147, I am not actually sure, because I am not an expert on that. But, I do believe that MD147 possibly gave, you know, prescribed, prescribed, if that is the right word, the environment, in which some of these bodies existed, that acted beyond their, their authority level. I think, I will, we will talk about specifically, we are coming to the JPT and we will, and SOFCOM and then the project control board. But, but, certainly, things like SOFCOM made decisions, in that it was not a, it was not a decision making body. We have got the project control board, making decisions and yet, it was not a decision making body. We have got ...[intervene]

CHAIRPERSON: I am sorry, Dr Young, can you go back to the question? The question is simple. It is not complicated. In this paragraph 80, you say:

*"I understand that although MD147 was drafted and to all intents and purposes used in finality, it was not actually approved for use in these SDP's."*

Can you just explain to, to me what you mean by that and what is the source of that information that you have?

DR YOUNG: The source of that information is experts, who have familiarised themselves with MD147 and had advised me that it actually

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was not, in fact, if we be slightly more specific is that the Chief of Acquisitions acknowledged, in his evidence that MD147 was not finally approved for use, in, in SDP"s.

CHAIRPERSON: Who are those experts that advised you and then  
5 secondly, when and where did the Chief of Acquisitions make that concession?

DR YOUNG: I believe, he made that concession in, in his evidence, before this Commission, which I think, was given in November and I, I have only been told this, that that is recorded in a, the minutes of one of  
10 the important bodies, which, it could be the AAC, I am not sure. But, and that is why I simply say, this is my understanding.

CHAIRPERSON: Okay. Thank you. Although, I do not remember the Chief of Acquisitions making such concession before this Commission. But, then, I am sure, other people with deal with you, we will deal that  
15 issue at a later stage.

DR YOUNG: If I may ...[intervene]

CHAIRPERSON: We can proceed Advocate Sibeko.

DR YOUNG: May I just respond to that? I think, it is important to remember that my evidence leaders, includes Advocate Sello, who was  
20 also the, the evidence leader, who led the, Chippy Shaik"s evidence. So, of course, we have done a lot of preparation together and a lot of, when I am putting my witness statements, comes out of correction of perceptions that I may have had in my mind, or what I even had, in previous versions of my draft witness statement. So, believe me, if I  
25 may use the terminology, I am not sucking these things out of my

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thumb.

CHAIRPERSON: Thank you. Advocate Sibeko, we can proceed. I am, just some other people will deal with this question, at a later stage.

ADV SIBEKO: Thank you. You, you will, in the form of [indistinct] Dr  
5 Young, check the transcript and, and identify the passages of some of the witness or the witness bundles, that deal with the, the issue, relating to MD147. Is that correct?

DR YOUNG: Is that a question or an instruction?

ADV SIBEKO: Would you be in a position to deal with it, in a form of  
10 some time?

DR YOUNG: I could certainly attempt to do so. I cannot guarantee that I can do it this week, or, or [indistinct] until I finish my, giving my evidence here. But, I will certainly, if it is an instruction, I certainly will attend to it, when I can.

15 ADV SIBEKO: Alright. You have alluded to the PCB, which is dealt with, in paragraph 82 of your statement, being a body, chaired by DOD's Chief of Acquisition and you deal with the members thereof. Is there anything you would like to add, about the PCB as a body that was involved in the procurement process, with regard to the SDP's?

20 DR YOUNG: Other than maybe, just a repeat or an emphasis of my view, which I think is supported by documentary evidence that the PCB was not a, officially a decision making body, although it did actually officially make very fundamental decisions.

ADV SIBEKO: Can you, at this stage, or independently recollect what  
25 you refer to as fundamental decisions that were made by the PCB, while

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it was not a decision making body?

DR YOUNG: Well the one, the stark one that I am reminded of now, was a special PC Board meeting, called for, by the Chief Executive of Armscor, Lu Swann, I think, I can put on the record, of the, I think, it is  
5 the May 1999, PCB meeting, asking for a special PCB meeting that was held on the 8<sup>th</sup> of June 1999. It is called a special PCB, decision making PCB. Following that, the Chief Executive of Armscor, issued a letter to the, and to my, specifically the Corvette project now, issued a letter, dated the, I think, it is the 29<sup>th</sup> of June 1999, so that is two, two and a  
10 half odd weeks, after the decision making PCB. He refers to decisions of the acquisition authorities, following the decision making PCB and then, lists the decisions, both regarding the Corvette platform, as well as my particular area of interest, the Corvette combat suite. So, starkly on the, on the written record, there are official documentations, referring to  
15 a decision making of the PCB and, and the relevant decisions made.

ADV SIBEKO: And just to jog your memory, can I refer you to a document, described in your statement. It is PCB 1999/06/08 and this appears at the bottom of paragraph 88. It is now referred to as RMY 9. It appears as from page 120.

20 DR YOUNG: Alright. I have opened that document and I am referring to it. Now, I do not have to use my own memory. I have this document and I can refer to the document, rather than my memory.

CHAIRPERSON: Advocate Sibeko, we are lost.

ADV SIBEKO: Oh. I, I beg your pardon, Chair and Commissioner  
25 Musi. The document appears at page 120 of file one. It is RMY 9. Dr

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Young, could you just identify that document, for the purposes of the record? I do not think the heading though.

DR YOUNG: It has got a very nice long heading. It is called minutes of a decision making Project Control Board meeting, PCB meeting held  
5 in the Zipper conference room at Armscor at 08, with the date time 07:30 bravo time, during 1999, to formulise decisions, with respect to Project Sitron, Wills and Maulstick.

ADV SIBEKO: Now, could you just briefly remind us, what the, each of these projects dealt with?

10 DR YOUNG: Project Sitron is the control Corvette project, under the SDP"s, Project Wills is the conventional submarine project, under the SDP"s and Project Maulstick is the maritime helicopter, under the SDP"s.

ADV SIBEKO: Now, under the heading present, there are people, who are listed there, as having attended that meeting. Do you see that?

15 DR YOUNG: That is correct. There is quite about 20 odd people there.

ADV SIBEKO: Ja. But, the chairperson is recorded there as Mr S Gerrit. Do you know who that is?

DR YOUNG: Yes. That is Shamin, or nickname is Chippy Shaik, who  
20 was representing the DAPD, that is the Defence Acquisition Projects Department, I believe, in the position of Chief of Acquisitions and who was responsible at the, at the DOD level for these projects.

ADV SIBEKO: There is also a Mr L Swann there.

DR YOUNG: Yes. Mr Llewellyn Swann, who was the Chief Executive  
25 of Armscor at the relevant time.



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ADV SIBEKO: There is also a Captain, SA Navy, GE, JEG Kamerman.

DR YOUNG: Yes. He also represents DAPD. I think, that he had been seconded from the Navy and POP stands for project officer, Project Sitron. So, he was the project officer in the Corvette project.

5 ADV SIBEKO: Further down that list, there is a Mr F Nortjè.

DR YOUNG: Yes. Mr F Nortjè is Fritz Nortjè, who, at that time, worked for Armscor. He is PMP Sitron, which stands for programme manager, Project Sitron.

ADV SIBEKO: And then there is a, then there is a Mr R Vermeulen.

10 DR YOUNG: Yes. Mr Rob Vermeulen was, how can I recall, he does work for Armscor and he was the programme manager for the submarine project, Project Wills.

ADV SIBEKO: Alright. If you turn the page, 313, you will see introduction.

15 DR YOUNG: Yes. I can see that.

ADV SIBEKO: And this document goes on to refer to some of the discussions, relating to the various projects. You will see, under discussion, item two, project Sitron, there is:

20 *"POP S presented a summary of supplier decisions, made by the PCB, where alternatives were evaluated or considered."*

And it then continues to say:

*"The following decisions were rightly filed, by the board."*

In your understanding, who constitutes this board?

DR YOUNG: If I may ask, just to clarify, who constituted the Project  
25 Control Board?

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ADV SIBEKO: Yes. Yes. Are you aware of who constitutes that board, or who the members of that board are?

DR YOUNG: Yes. My understanding is that the members of the Project Control Board are the Chief of Acquisitions, the Chief Executive Officer of Armscor and the Chief of the Navy, as well as the, Mr Tomo, Tomo, who was the General Manager of Acquisition, the Chief of, the Chief of Naval Acquisition, who was at this stage, Admiral Van Der Schyff. But, I see, from previous PCB meetings, his predecessor is also a member of the Project Control Board and he is designated here, as Chief Director, Maritime Warfare as Rear Admiral Howe. So, he was a member and he stayed a member. The, as far as I know, the other member is Senior Manager Maritime, who is directly responsible, from Armscor for the Naval component of the SDP's. I think that, those are formal members of the PCB. The executive of the PCB is the first three that I mentioned and the other members, the other participants at this meeting, are actually at the PCB, by invitation. They are not necessarily permanent or full time members. That is my understanding.

ADV SIBEKO: Now perhaps, to assist you, can I ask you to turn to RMY 11. In your statement, it is described as PCB 1998/09/29 at the bottom, or just below paragraph 89. Do you see this document?

DR YOUNG: Yes. Now, we are going back in time, to September 1998.

ADV SIBEKO: Can I ask you to describe that document, for the record?

DR YOUNG: Yes. It has, it is entitled minutes of a special meeting, to

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discuss the way ahead with Project Sitron and Wills, held at the Department of Acquisition Project Division on the 29<sup>th</sup>, two, nine, September 1998 with the time being 18:00 bravo time.

ADV SIBEKO: You will see that the, just below the heading, it refers to two appendices. Can you just read for the record, what appendix A is?

DR YOUNG: Appendix A is the draft constitution of the Project Control Board.

ADV SIBEKO: It also recalls the people, who were present there and the list is much shorter than the PCB minute that you referred to earlier in your evidence. Do you see that?

DR YOUNG: Yes. I think, all those, for at least with that point in time, corresponds precisely with what I actually said. The only thing is that Admiral Howe has now been promoted to Chief Director Maritime Warfare. So, he is being replaced by Admiral Van Der Schyff, as DNA and the person who was officially a member of the, of the PCB is Senior Staff Officer [indistinct] that is Admiral Van Der Schyff. He was Captain and became Admiral. So, and of course, by this stage, it is Esterhuysen, who was general manager, in Nautical Maritime, has now been replaced by Mr Tomo, as General Manager Acquisition. So, I think, whilst it was as close as that, it will have to be correct.

ADV SIBEKO: Now, what was the aim of that meeting, as recorded at paragraph 2 of that document?

DR YOUNG: Okay. In my own view, the, the official processes involved something called the AACB that is the Armaments Acquisition Control Board. But, that was setup, when projects were more or less,

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being run individually, by acquisition authorities. This was the SDP's, involved multiple projects and two of them were Navy projects and three of them were Air Force projects, with the maritime helicopter, being a little bit of each. They actually set up an Air Force control board. They  
5 called it an Air Force project control board and the, what I call the Naval project control board. So, the PCB, it took all effects, took over the role of the AACB. I cannot even remember, seeing any real Ministerial proceedings of the AACB. So, my view is the Project Control Board was set up and it reported to a higher level than the AACB, either the AASB,  
10 which is the Armaments Acquisition Steering Board. Okay. Anyway, that is the sort of background and because it was slightly different in name, like, it is a Project Control Board, it needed some kind of introduction and formulation. At this meeting, way back when in September 1998, was the, the founding semi-formal beginnings of the  
15 Project Control Board.

ADV SIBEKO: Now, let, later in that document, at page 223, is, that will be appendix A, is the draft constitution. Do you have appendix A before you?

DR YOUNG: Do you know what ...[intervene]

20 ADV SIBEKO: It is page 141 of ...[intervene]

DR YOUNG: I have only got a ...[intervene]

ADV SIBEKO: It is page 141 ...[intervene]

DR YOUNG: Sorry, I have only got a digital version that is not paginated.

25 ADV SIBEKO: You will see that, do you have PCB 1998/09/29 before

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you?

DR YOUNG: Sorry ...[intervene]

ADV SIBEKO: That is RMY 11.

DR YOUNG: RMY 11, was, was there the minutes? Was that the  
5 right minutes?

ADV SIBEKO: Yes. That, or what, the document I am referring to, is  
an annexure to ...[intervene]

DR YOUNG: Yes. Yes. Now ...[intervene]

ADV SIBEKO: That one ...[intervene]

10 DR YOUNG: Correct. I have got that whole document. But, it is 21  
pages long. I just have to get to the end of the minutes and beginning of  
the annexure A, which, I have got first principals, so that is annexure B.  
I just have to go back a couple of pages [indistinct] there. I now have  
something that starts with appendix A, something like, it starts with  
15 appendix A and it is constitution of the Project Control Board.

ADV SIBEKO: Do you see that, it is, it is entitled, right at the top there,  
as draft?

DR YOUNG: That is correct, yes.

ADV SIBEKO: Now, under name, it says on paragraph 1:

20 *"The forum will be known as the Project Control Board."*

Are you aware if, before October 1998, September of 1998 there was,  
within the procurement process a, a forum, known as the Project Control  
Board in the SANDF, or Department of Defence?

DR YOUNG: Strictly speaking, in terms of that specific annexure, I  
25 believe not. I believe that there was a thing, called the AACB and the

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PCB was set up, more or less, at the same level.

ADV SIBEKO: Just above, at paragraph 2, it says purpose, it says, it is recorded here that:

*“The purpose of the PCB is to enable the Department of Defence and Armscor to direct the joint acquisition utilities of cardinal projects, for the SA Navy.”*

So, this is set up, specifically for the SA Navy. Is that correct?

DR YOUNG: This specific Naval Project Control Board, absolutely. But, there was an equivalent one, for the, the other projects, those three projects with were, so there was an Air Force Project Control Board as well. I do not, I, I see, it constituted, I just know about this one, but there was another one.

ADV SIBEKO: Yes. Now, then it deals with functions, under paragraph 3 and one of the functions recorded on the, at paragraph 3E is that this body is to make decisions, obtain higher level authorisations on some matters, outside of the responsibility for the project team.

DR YOUNG: I, I can read that, yes.

ADV SIBEKO: And this, this is what you have alluded to, earlier on that, the PCB, although it was not supposed to be a decision making body. It did make decisions.

DR YOUNG: It was not, that is not the only thing that I am alluding to. I am also alluding to other ...[intervene]

ADV SIBEKO: Yes ...[intervene]

DR YOUNG: To other evidence. There is other evidence, from senior managers of Armscor that the PCB was not a decision making body.

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This one, this one, if, if this draft constitution had been adopted, formally adopted, then maybe, in terms of paragraph E, or point E, maybe it would have had the authority to make decisions, because that is what it says. But, I am taking my view, or that, first of all, the constitution was never adopted. This was a new body. It was not an existing body in an existing, approved structure. So, it has been re-constituted formally, which was never done. That is the first part. The second part is that it said that, at least I can remember two other senior Armscor officials also stating, whether it is in documentary evidence that the PCB was not a decision making body.

ADV SIBEKO: Under composition, it has, it sets out who the permanent member of the PCB are. Do you see that?

DR YOUNG: May I ask, which point are we talking about now?

ADV SIBEKO: There is a heading, composition and there is a paragraph 4, below that it says:

*"The permanent members of the PCB are."*

Do you see that?

DR YOUNG: Yes. And I think, in terms of title, this is correct. I think, that I am almost exactly right, of what I have testified before.

ADV SIBEKO: Now, turning back then, to the document, PCB 1998/06/08. This is RMY 9, which appears as from 120.

DR YOUNG: Is this the minutes of the decision making ...[intervene]

ADV SIBEKO: Decision making ...[intervene]

DR YOUNG: Yes. Yes. I have got that in front of me.

ADV SIBEKO: Now, is, is there any particular decision in that

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document that you would like to highlight, as an example of a decision, taken by the PCB, when it, according to your evidence, did not have any decision making powers?

DR YOUNG: Maybe, the interaction said that there were two  
5 categories of decision, as the top of my pdf, page 6 says, at least. The pages are not numbered. But, there were alternatives that were evaluated and in fact, I can see, from the previous Project Control Board minutes that there were three, there was one, on the 24<sup>th</sup> of April. There was one on the 27<sup>th</sup>, I think, of May.

10 ADV SIBEKO: Okay. If I could interrupt you there, what, what page do you say you are referring to, in that document? Do you know [indistinct].

DR YOUNG: I am referring, I am referring to page 6.

ADV SIBEKO: Is, is that a document with a column?

DR YOUNG: Yes. It is a table and it is entitled Project Sitron,  
15 summary of supply decisions by PCB, where the alternatives were evaluated or considered.

ADV SIBEKO: Chair that document appears in the bundle at page 125. Yes, Dr Young?

DR YOUNG: Okay. So, there were two categories of decisions, one  
20 where alternatives were evaluated. As I have said, and this, this meeting we know, actually refers to decisions called ready take, although it was a decision making PCB. Of course, there was a certainty of ratifications. But, there were, there were decisions made, at the previous, I have just mentioned, the 24<sup>th</sup> of April, the 27<sup>th</sup> of May, is  
25 what I can remember and there were, certainly, decisions made,



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involving, I think, the surface to surface missile and probably the sonar system and the surveillance radar decision. I am specifically remembering the ones, involving the, the Corvette combat suite. But, you have asked me, which of the particular decisions I would like to highlight. Okay. This is a, now that I have talked about the two categories, I, the one that I would like to highlight, is under ship platform, just one, because things changed. This third, the third item is called gear boxes. There were two contenders, Marg, the Swiss company and Rake, I think, it is a German company and the selective supply was Marg. Okay. This is, so there was a decision made, you will see, from the documentary record that decision was overturned, on, at least interesting circumstances, Interesting circumstances, involving global content, strategic issues and the Defence Industrial Participation. The reason why I say interesting, because once I have noticed that the IMS the, its considerations for selection and without there to be a selection, will, they made on the same principals, except, in an opposite way.

ADV SIBEKO: And this you deal with in full, later in your evidence.

DR YOUNG: Unless I deal with it in full at all, it all depends how long we have got.

ADV SIBEKO: Alright. We will try and accommodate you, to deal with that.

DR YOUNG: Okay. But, we will then come to the next part, category of the, the Corvette and halfway, we will say three quarters down the page, we come to the combat suite. I have just mentioned that there

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were things, that I was right. At the previous meetings, the star, which is the surveillance and target acquisition radar, which is the surveillance radar and the contender that was selected was the MMR from Thomson CSF for France. The IFF was also Thomson CSF for France. I mentioned  
5 that sonar and that was also from Thomson locally, a Thomson company, although, based in the UK. I will come to it a bit more that, later in the witness statement and quite a lot more, involving the surface to surface missile. So, these were decisions, actually made. Then, there is a whole lot more pages, of, I see it is presentations, given to the  
10 Project Control Board and that, we come to the end of that particular set of minutes and it is annexures.

ADV SIBEKO: Now, the, the next document, you deal with in, in, under that category is DT 1 0489. It is annexure RMY 10, at page 131.

DR YOUNG: That is correct. I talked about this before, being a letter  
15 dated, the 29<sup>th</sup> of June 1999, written by the Chief Executive Officer of Armscor and as a result of this meeting and it is entitled Project Control Board decisions, regarding the Project Sitron technical base line. It is written to, what, at that stage, it was [indistinct] was designated to the preferred supplier, being the German Frigate Consortium, the GFC. It  
20 specifically says, although it does not mention the dates, on the 8<sup>th</sup> of June, it says at a meeting recently held, regarding the selection made, to products and their suppliers. For the [indistinct] programme the following is, were selected, see attached list. I am, in my, I have not found any other meetings. I am pretty sure they are referring to the, the  
25 Project Control Meeting of the 8<sup>th</sup> of June.

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ADV SIBEKO: Now, if you go a couple of pages later, at page 133 and I see that CCII is recorded there, as the supplier for the IPMS simulator. Can you just talk to us briefly about that?

DR YOUNG: Yes. There are two tables.

5 ADV SIBEKO: Ja.

DR YOUNG: One, for each category of, the first one is the, the second one is the platform, the first one is the Corvette combat suite. As you correctly say, the last item in the table, relevant to the platform is the IPMS simulator and C Square I Square is, in this particular instance  
10 identified as C212. But, there are no other companies called that. So, I am pretty sure it means the same company. So, here we were formally selected, by the Project Control Board and the designated preferred supplier was formally instructed by the chief of, the Executive Officer of Armscor, Lu Swann, who is effectively acting for the tender board of  
15 Armscor, in terms of selections. But, if I may say, now we are talking about something with the positive inference, a positive [indistinct]. As interesting, if I may say, is the previous table, the combat suite, on the previous page. Just give everybody a chance to page back, if necessary.

20 ADV SIBEKO: It is page 132.

DR YOUNG: Actually, I do not have, I do not even those files. I have got everything in soft hyperlink form here. So, I could find names and things, but not page numbers. But, most, it is a point that I want to make out, even at this stage, the, all elements of the combat suite,  
25 decisions had been made, except for one. There is actually very, very

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good reason for that. If we look down to the one, two, three, four, five, sixth element is called the combat management system and the designated supplier is African Ready Systems and Thomson. So, this is the [indistinct] had been inspected, by this stage. What is missing from here is the information management system. If we look at the documentary records there were still a whole of things that went on, in the next few months, including, in the business of the Project Control Board, at least, until August 1999 and even further on. But, an important, slightly technical point is that the thing that replaced the IMS, which we will come to in greater detail, from the French company, called Detexis, the Detex style search of data base, was actually an integral part of the combat management system. That is a very real, real reason why it is not identified, as a selection at this stage, because the CMS already includes the Detexis data base.

15 ADV SIBEKO: And this, you say, you will deal with, in greater detail, later in your evidence?

DR YOUNG: Yes. Indeed, the combat suite and the IMS in that particular instance, is kind of a nub of my evidence.

20 ADV SIBEKO: Yes. Alright. We, we have dealt with RMY 11, which deals with constitution of PCB and who its members are and what its functions were. As from paragraph 92, you, you deal with the strategic defence [indistinct] as we have now come to know them, right up to end of paragraph 100. Is there anything that you need to highlight or emphasize in those paragraphs?

25 DR YOUNG: Well, I am just going to 95 and 96, where, sorry, I am

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just going to 95 and 96, which does not, does not involve Corvette at all. But, it is a pre-cursor from certain statements I am going to make, quite later in my evidence.

ADV SIBEKO: And then you deal with Corvettes as from paragraph  
5 101.

DR YOUNG: That is correct, yes.

ADV SIBEKO: Anything you would like to highlight, Sir?

DR YOUNG: No. I think we have been, we have addressed everything, at least, up until paragraph 104.

10 ADV SIBEKO: Yes. You have dealt with what Project Diodon dealt with. I see, you, you mention, at paragraph 107 something about the IMS. Would you like to elaborate on that?

DR YOUNG: Yes. Not much, but there is an important item of information coming up, very soon, where this just covers the contextual  
15 introduction to it. But, our first contracts, with the technology available, under Project Diodon and some of the technology that was developed, was specifically for future Naval vessels including, especially able surface vessels. Some of the contracts that we received from early days were funded and were under Project Sitron. The generic aspects  
20 were handled under Project Diodon that is all technical things. There were things, like, system engineering, the development of, of programme specifics, like, the specifications, like plans that were specific to a project, being Project Sitron. Some of those were funded out of Project Sitron funds.

25 ADV SIBEKO: Now, at the paragraph 108, you, you mention

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something, relating to the IMS receiving its funding from the Project SUVECS, while the Project Sitron was put on hold, during the defence review. What is the significance of this?

DR YOUNG: Well, there were a couple of areas of significance, one

5 important one for me personally is that, is that Project SUVECS really just existed as a, as a holding point, in terms of the surface combat suite, in this particular period of 1995 to 1997. But, with the, in all, in all respects, there was a direct continuation. I think, administratively, is that Project Sitron could not be funded, specifically while the project was on  
10 hold. I do not think the rules of defence and Armscor acquisition allow a specific project to be funded in any way, except maybe at the Naval level and project studies which we have to preserve together, at the contract level. But, in that hiatus period, we carried on, what we were doing, as though there was no yesterday and no tomorrow. There was  
15 no, you know, even though it was termed a technology retention project, certainly from the understanding that we were given and the understanding that people, like me, assumed is that Project Sitron was, would, would definitely, either it can be, it can get complete canned, it would, or it would just come back in its normal form, once the defence  
20 review was over. So, if anything gets said, is that our understanding of why we carried on the tempo of work and our own self-funding of, of the work that we were doing, just because there was, there was a technology [indistinct] I would like to counter that. As far as we were concerned is, the same work was happening, but just under a different  
25 name, Project Zurich's rather than Project Sitron.

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ADV SIBEKO: Alright. And then you deal with, you then deal with Project Sitron, going as far back as 1993. Can you just take us through that, as from 109, of your statement?

DR YOUNG: Yes. I do not think there is anything controversial in that short paragraph. But, as far as I concerned, it happened in 1993. It is when I first became aware of it, although it came out of a Naval staff requirement, I think, from 1980, but that also formed the basis of Project Foreshore and Project Falcon. But, that, the, the documents still remain valid for Project Sitron and it is a capital programme, which means it is say, a major programme in size and that it gets managed in a specific way. Certainly, when you are talking about all those acquisition processes of control boards and steering boards and armaments acquisition councils and councils for defence that is the way they coveted the programmes get managed.

ADV SIBEKO: You, you then refer, in this document, in, in paragraph 111, 111, dealing with Project Sitron, to the letter extensively prepared by P Meiring for Senior Manager of Computer Division. What is the significance of that letter? It appears at RMY 12. That is from page 157. Dr Young, that is DT 1 0012 ...[intervene]

DR YOUNG: Yes. I have got, yes, I have that open in front of me.

ADV SIBEKO: Now, what is the significance of that letter, which seems, seems to deal with data bus technology for Project Diodon?

DR YOUNG: Okay. There are actually a number of aspects of particular significance, at least, to these proceedings. I have paraphrased some of the most important parts, but if I may turn to the

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document itself, in my computer here. Of course, it is a document from, written by Armscor and it is written by, as far as I am aware, as the responsible party, who was Pierre Meiring and he was writing it, on behalf of a senior manager. Effectively that means the divisional  
5 manager on, what those days was called the computer division. It later became the command control division. But, he terms himself APM and that is an Armscor programme manager, Project Diodon. So, in my view, that he was an authorised party to, to write this letter. If we go back to the beginning of the letter and fairly important for me, is that it is  
10 sufficiently addressed to the Chief of the Navy, with his Naval address in those, in those days. Although it is addressed to the then, at that stage, the Commander, those were early, those were early days, 1993, ja. I knew him as a captain, but I did not know he was a commander in those days. Anyway, that shows how long ago we are going back.  
15 Interestingly, after the attention there, we see the CC, the [indistinct] list and what I remember, if we still have got it here, it is quite vast. You know, it is, it might be at page 3. So, it is the third page, into that document. It includes the project officer for Diodon, the technology, and we are talking about technology development project here. I want to  
20 specifically say that, in contrast to a technology retention project. A technology retention project is to retain capability, where technology development project is with a specific aim, not just, or of technology and not just capability retention then. That, under that the Naval executive officer, normally there will be an engineer, attached to the project and  
25 that was Lieutenant Commander Jean Pienaar, in those days, from the



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Naval engineering [indistinct]. It is addressed to a whole bunch of other Armscor, what they call ASDM's, Armscor Specialist Development Managers. Each one of these technology areas, under the column, position, has an Armscor manager responsible for it. As you can see, on, halfway down that page, it does not just refer to project Diodon, it refers to Project Sitron. So, it, my interpretation of this was that this was not just aimed at the people in the technology project, technology development, but for a specific target for the technology, being the Corvette project, Project Sitron. Okay. Indeed, round one, that was that, again, addressed to Commander of Armament, Lieutenant Jean Pienaar. There were people in that project in Armscor, being Pierre Meiring. I have mentioned Anton Jordaan before and a number of other people, who were all more or less the same and, yes, that is all Armscor people. Alright. So, that is basically, who it is addressed to. So, it was a, to me, it was a fairly important thing, at that stage, very formal and resulting out of work done on Diodon. I do not want to, let us say, how can I say, belabour these proceedings with the technicalities. But, it is a little bit technical. But, if we go to, maybe the introductory paragraph, before one, they are talking about the following in depth review. That was a review done, basically, by Armscor, but, and the Navy. They refer to the inherent aspect of the project review. That is Lieutenant Commander, it is not, it was actually J Pienaar, not an S Pienaar, Jacques Pienaar and the project engineer for both Project Diodon and Project Sitron. They talk about the final decision, regarding technology, to be addressed by Diodon as being made and set out below. Okay.

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So, the data bus for Project Sitron will be based on a dual redundant fibre optic cable technology. They talk about the, the reasons, why it is important and the direct inferences and why the final decision made, clarified to reduce technical risks. In fact, the board wanted to reduce risk of integration. With reference to other projects where, where similar projects was the data communications project, not a data bus, but voice communications and over cables, rather than radios. A very important and fundamental one is under two, where they talk about the standard FDDI, which is an acronym. It is an actually international and American acronym for Fibre Distributive Data Interface. That is the name of the technology that the IMS used. It was, it was instructed to use. It is the basis of the international standard and the American US Navy standard, called Safenet. Safenet stands for survivable, adaptable fibre embedded network and it stipulates the use or at least Safenet 2, stipulates the use, FDDI. We talk about performance advantages over any other option. Then, they start talking about very technical things, like, these are communications protocol software. I am not going to go into details of IMA 960. Anyway, they had made a fundamental decision at this early, early stage, based on in depth review, of information. I cannot quite remember, going back as far as this, but there were trade offs that is formal, trade offs that is in FDDI versus Ethernet and that versus that. So, this was not thumb sucking. This was even a, there might be an intellectual side, an intellectual activity and not based on, on review results from hardware experiments on a note. It was not, it was done in a formulised way. Anyway this, the upshot of all of this is to,

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one, from a personal perspective in 1993, we embarked, our company embarked on a development of the IMS, partly at the State expense, funded by Armscor, tax payer's money, using Navy allocated funds. But, party to a non-insubstantial preamble and you will see documentary  
5 evidence of that, of our own financial contributions. Now, the upshot of that, at, or let me just finish off that point. So, Project Sitron should have used the, the decisions made, in the Project Diodon. Here is a direct instruction from the decision making authority. That is why I went into MD147 slightly. Armscor called the shots, not the Cabinet calling  
10 the shots or whatever. Armscor is making a shot, calling a shot. Okay. Then, of course, the, the instruction to use FDDI, it does not stay just here. It is a fundamental requirement, a stipulated requirement of base line documents for Project Sitron, the Corvette projects. Documents will come to, called the element costing and description. The, the combat  
15 suite user requirement statement, the platform interface requirement statement, whatever, all of these things refer to either FDDI or Safenet. Of course, all, at the end of the day, why it is important, all of that was overturned to something completely different. And, my, my evidence would go around about, in my, what in my view was the irregularity of  
20 those decisions, countermanding previous decisions that never explicitly say, okay, we have considered the instruction of the 13<sup>th</sup> of August 1993 and actually, things have now changed. Technology has moved on, money issues have moved on, all of that, we are now overturning. None of this ever gets overturned. So, other than, from a technical  
25 prospective, from a business prospective, contractual expectation, it is

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one of the legs. Maybe a small, little short leg of something that I address in particulars of claim and that is what they call legitimate expectation. We think that we had a legitimate expectation, maybe just a procedural one, that if there was going to be a change of decision, it should be properly done. Being frank, and lest there was a proper decision to overturn our nomination of the technology, in our company to do that, I think I will come to the term later, but a substantial legitimate expectation. If, unless there was good reason not to, for maintaining our position and at some stage the selection, of being selected, as the company to supply the information management system for the Corvettes.

ADV SIBEKO: So, in short, what is set out, in RMY 12, that letter, you were dealing with, is the identification of the technology that would be used, under Project Diodon and Project Sitron, with regard to the Corvettes. Would that be a correct summation of this letter?

DR YOUNG: With, you might have used the word identification. It certainly is identification. Sorry, it certainly is identification of the technology and the decisions. I think the most, the most important thing, it is a formulation of the decisions that were made, by a combination of Armcor, with the involvement and the concurrence of the technical people in the Navy, who come from the Naval Engineering Bureau and were also project engineers on the two relevant projects, Diodon and Project Sitron.

ADV SIBEKO: Okay. Next you deal with the, the programme planner for Project Sitron, which is described in your statement, at paragraph

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112, as DT 1 0062 and in the bundle of documents it is RMY 13, which starts at page 161. Would you like to explain the significance of this programme planner for Project Sitron from the [indistinct]?

DR YOUNG: The, yes, there are a number of aspects of it. Firstly, as one sees, it is a project plan for a, a programme plan for a specific project, being Project Sitron and specifically the, the combat suite part of it. It was issued by the programme manager, who is Pierre Meiring, who actually, eventually became the programme, you know, he remained programme manager for Project Sitron combat suite. This is a formally issued document, going, you know, as far back as 1993 up to 1995 and it is approved. It is signed, concluding, by the technical representative of the Navy being Lieutenant Commander Pienaar, while the project officer Captain Kamerman and approved by Pierre Meiring's superior, Barend Smith, who has testified at these proceedings before and we would have, addressing that particular issue a little bit differently and in more detail later. But, possibly, anyway, I think, basically, what I am, by looking at this document and I am proving is that it was a formal summoned issued document. If I may turn back to my, my witness statement now, if we are now looking at paragraph 113, to above, the purpose of the programme plan, was to established a management base line, the execution of the project. The management base line would, an important base line, base line is something that you establish and then, it becomes formal and then you do not change it, arbitrarily. It only changes, by formal change control, what we can call configuration control. Anyway, at least, at this stage, this was the beginning of Project

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Sitron in 1995. Now, nowhere here, we are talking about, what I call round one of Sitron and it basically got, it did not, Project Sitron was never terminated. It was only put on ice, or it was hiatus, during the defence review from, not long after this date. This is January 1995.

5 Basically, it was put on ice in about, I think, May 1995, until the 13<sup>th</sup> of [indistinct] and it was put off again, until, again, in 1997. I have not considered this particular aspect for, for a long time, but I cannot remember in my, my side, as I sit here, whether it, formally, there was ever a, either a new programme plan, which superseded this, and, and

10 the relevant content, regarding what I will be coming to in a second. Or being formally changed, if the same document before me changed, to exclude or excise things that had been formally stipulated. So, as, as I say, management base line is weighing the formulation of what, which project is formally managed and it gets managed, according to

15 something solid. It does not just change, upon the fly. Alright. But, importantly from, or from our next point of view, from my testimony point of view, we talk, it talks about, well, it is, there is a document about the combat suite and it stipulates that the combat suite will be designed around the principals of distributed processing. It talks about system

20 architecture. Also around a, quotations and modern multi loss redundant data bus, infrastructure and [indistinct] elements and it identifies the IMS specifically, as the data bus. This is the particular product or the specific project or, you can, that was in that time, being developed by C Square I Square.

25 ADV SIBEKO: During the course of your giving evidence, if you could

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try and look at me at some point. When I seek to interrupt you and I will press my mike, just to prompt you to take pause for a while, so that I direct your attention to specific pages of the documents, to assist you, in giving your evidence. Because I get the sense that we, we are losing the Commissioners and perhaps our colleagues, who want to follow your evidence. As we are dealing with this project planner, there are certain aspects, in this document that I want to take you to. But, perhaps, this might be a convenient time, to take the lunch adjournment and we can proceed with this document, when we return.

10 CHAIRPERSON: Maybe, let us adjourn until two o'clock. Okay.

ADV SIBEKO: As the ...[intervene]

CHAIRPERSON: Thank you.

**(COMMISSION ADJOURNS)**

**(COMMISSION RESUMES)**

15 CHAIRPERSON: Thank you. Do you confirm that you are still under oath. Please say I do?

DR YOUNG: I do. (s.u.o.)[?]

ADV SIBEKO: Dr Young I want you to turn to the program plan for Project Sitron Combat Suite which appears at LMY13 at page 161. You did say what the purpose of the problem plan was is that correct?

DR YOUNG: Yes sir, unfortunately I said a lot more than that.

ADV SIBEKO: Please turn on your microphone when you speak.

DR YOUNG: Yes, I did say what the purpose of the program plan was.

ADV SIBEKO: Can I ask you still on that same document to turn to page 174. At 174 reference is made to each of that project definition.

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4.1 Project content. 4.2 System composition. Could you just briefly explain what is sought to be conveyed on that page?

DR YOUNG: Okay, although it is a program plan which is more of a management thing it is also stipulating and indentifying each component of the project. So here what they have with a table which is headed Combat Suite Element Lists and Acronym Definition Table. If we go down to the 3<sup>rd</sup> last entry on that table on page 174 which is page 14 of the document, C Information Management System the element being described as the IMS.

10 ADV SIBEKO: So you say that one of the elements of that Combat Suite was the IMS which is the information management system?

DR YOUNG: That is correct, yes.

ADV SIBEKO: If you turn the page of your statement to paragraph 115 you state that:

15 *"On 6 February 1995 was forwarded to (among others) CCII Systems by Amcor under cover of a memorandum signed by Meiring."*

Do you see that?

DR YOUNG: I can see that yes.

ADV SIBEKO: Can I then ask you to turn to page 219 of file 1. You will  
20 see that is RMY14 which in your statement appears as DT10065.

DR YOUNG: I can see that yes.

ADV SIBEKO: Do you confirm that is the memorandum of [indistinct] that is reflected in the statement.

DR YOUNG: Yes, that is correct.

25 ADV SIBEKO: I see that you refer in quotation marks what you say this



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document provides for. You explain that this is correct quotation of this memorandum.

DR YOUNG: I think there was a slight problem here with some inverted commas but certainly the first line and a half that the program plan was to be placed under configuration control. that appears in the first paragraph under, on the reference document itself of the memorandum.

ADV SIBEKO: Right would you also confirm that you on behalf of your company CCII form part of the distribution list which appears at page 221 of that document?

10 DR YOUNG: Yes I am looking at my digital document and I am looking the distribution list which is numbered down to 32. On line 27 there R Jan CCII element is identified as the IMS.

ADV SIBEKO: So the document program plan of Project Sitron Combat Suite that we were talking about earlier in your evidence was distributed to you as well?

DR YOUNG: Yes it was just distributed to our company specifically but also what is just as important it was not distributed to any other IMS supplier so by inference that means that was not any other IMS candidate certainly at that stage.

20 ADV SIBEKO: So would you say that would be the significance of the distribution list in so far as it relates to the IMS?

DR YOUNG: That certainly is significant in that context yes.

ADV SIBEKO: Next we go to your response to the memorandum that was sent to your company project plan. We deal with that at paragraph 116 through the annexure that you referred to as DTI0069 it is bundled

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as RMY15 as from page 222. Will you take us through that please.

DR YOUNG: I am looking at my digital version of that. Okay I am looking at the digital version as that. As far as I can see I am writing in response to the covering memorandum dated 15 March 1995. Basically  
5 I suppose the important areas is that we acknowledge receipt of the program plan. I suppose by inference not taking issue with any of it and at the same time noting that we are working at excepted level of effort for the project.

ADV SIBEKO: So you mention that at paragraph 117 that subsequent  
10 to the response.

COMMISSIONER MUSI: Sorry Mr Sibeko. This response appearing on paragraph 116 in which document does it appear?

ADV SIBEKO: You will see that at paragraph 116. You put the response in quotations or quotation marks firstly, the first paragraph  
15 says:

*"CCII Systems was making significant progress in respect of the development of IMS"*

Where does that appear in annexure RMY15?

COMMISSIONER MUSI: Still I do not know. RMY15?

20 ADV SIBEKO: RMY15.

DR YOUNG: Please give me the number and the actual page?

ADV SIBEKO: Page 222.

DR YOUNG: Yes, I have that.

ADV SIBEKO: Then turn to page 223.

25 DR YOUNG: Yes.

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ADV SIBEKO: Could you read what is set out in the second paragraph on page 223?

DR YOUNG: You are referring to the paragraph of „We are making...”

ADV SIBEKO: Yes.

5 DR YOUNG: Okay.

*“We are making significant progress in respect of IMS development and we believe we have an adequate...”*

I cannot read this I am afraid. I have to read my. Everybody knows that I have eye problems and it is difficult for me to read small print on  
10 paper. I am reading my digital version of that.

*“We are making significant progress in respect of IMS development and we believe that we have an adequate allocated baseline, although Jewels Gulmann has still not visited me to arrange or discuss this „an occasion” We are also progressing with the detailed design both of  
15 software and hardware. Regarding the latter we are making progress with the ship’s optical fibre designs (in terms of layout, components and optical power). In terms of software we are making headway with the completion of detailed design using our rational booth methodology.”*

Is that the one that you wanted me to read?

20 ADV SIBEKO: No. Commissioner Musi put a question for you in terms of which he wanted to established where the content that is in quotation marks of paragraph 116 came from. I was trying to take you through the latter to see how that compares with what is set out in the letter?

DR YOUNG: Okay. I want to put on record that I cannot hear what  
25 Commissioner Musi is saying at all. I have to listen to what you said and

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you took me to the top of that particular page. If I may ask, if you are aware of what particular place I must go to. You need to point out to me because I cannot hear the commissioner.

ADV SIBEKO: Perhaps Commissioner Musi can repose the question  
5 and if you understand it then respond to it.

COMMISSIONER MUSI: No you interpreted my question quite well. I know that the quotation as appears in the statement is not exactly as it appears in the document.

ADV SIBEKO: Dr Young the question posed by Commissioner Musi is  
10 special with regard to what appears in the first quotation under paragraph 116. It says:

*“CII Systems was making significant progress in respect of the development of IMS”*

DR YOUNG: Yes, I can see that.

15 ADV SIBEKO: Now in your response to the memorandum sent to your company where does that quotation appear from your letter?

DR YOUNG: I am looking at the top of this particular page. “

*“We are making significant progress in respect of IMS development and we believe that we have an adequate baseline.”*

20 ADV SIBEKO: How does the sentence that you have just read from the letter compared with what appears in the quotation at paragraph 116 of your statement?

DR YOUNG: I am reading here.

*“CII Systems was making significant progress in respect of the  
25 development of IMS”*

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ADV SIBEKO: I am saying how does that compare with the sentence that you have read to the Commissioner.

DR YOUNG: Possibly slightly out here because I said that:

*"We are making significant progress in respect of IMS development."*

5 ADV SIBEKO: Who is we that are referred to in that sentence?

DR YOUNG: That is CCII Systems, our company.

ADV SIBEKO: The next sentence that appears in quotation marks at paragraph 116 reads as follows.

10 *"CCII Systems was confident that it could have all least all critical IMS functionality available by October 1996 with the balance of functionality to be provided in the following three months."*

Now once again can I ask you to refer to the letter and find a passage in there that compares to what is set out in that paragraph in quotation. Perhaps if I can direct your attention to the third paragraph on page 223  
15 it starts with the words "We are confident..."

DR YOUNG: Yes the drafting of this came more than 12 years ago so I do not have everything single correlation between what is here in the document in my... but what I have highlighted here is.

20 *"We are confident that even if contracts are delayed by some weeks we can have at least all critical functionality available by October 1996. The balance of functionality can be provided within the following three to six months."*

ADV SIBEKO: So having read the two statements the one on the letter 223 and the one in your statement on page 22. You say these two  
25 statements say something similar?

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DR YOUNG: Yes, the mean more or exactly the same thing.

ADV SIBEKO: Could that have been a paraphrasing of that letter?

CHAIRPERSON: If they are more or less the same why did he put it in the manner in which he did in the statement. It would appear that it was  
5 quoted verbatim from a particular document. It appear that, that does not [indistinct] can we hear some explanation?

ADV SIBEKO: Yes I am trying to get that. If you understand the question by the Chairperson he asked you to give an explanation as to why the statement put in quotation marks at paragraph 116 are marked  
10 the same as what is contained in the letter that was a response to the number [indistinct].?

DR YOUNG: Yes, of course I am thinking about that. I have not applied my mind to that before but now that I am probably what should have happened if I had to opportunity to cross-check every single thing in my  
15 witness statement every single referred too I would have picked that up.

I am almost 100% sure that this is a direct a 100% complete paraphrasing but actually of another document. I am pretty sure that now that I come to think of it, is it stuff done by my legal team and this is a basically a (how can one say) a condensation of what is in the letter in  
20 another document which is being used for this witness statement. Somehow in the whole preparation for the witness statement... Just remember this thing has gone backwards and forward not only between us but also with Advocate Skinner and Sibia which came back to me in November. A lot of things were wrong.

25 I had to rectify a lot of stuff. This court be what we call an artefact of

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that process. They could have introduced the quotation marks when it should have just been basically a summary of mine. Anyway I would say that there are various possible reasons why there is not exact correlation word by word. I will say that basically what it is meant to be and I think it does. It is an adequate summary of what is in that letter although possibly the quotation marks should not appear as they are.

ADV SIBEKO: The quotation marks?

DR YOUNG: Yes the quotation marks should not be where they are now. So what appears at 116 would be a paraphrasing of what is contained in the letter.

ADV SIBEKO: That is correct.

DR YOUNG: If I may say, I do not think that there is any substantive difference between what I have put here well I have to put responsibility of that and what is in the letter. I do not think there is any fundamental diversion thereon.

ADV SIBEKO: The quotations marks clearly derives from what is intended, so they were inadvertently put here or do not have an explanation for that?

DR YOUNG: No, I have given an explanation. It could be a direct paraphrasing out of for example. Documents that were prepared in much earlier days which was actually intended to be a summary and whether I did it or Advocate Sibia did it is now converted into a quotation. I do not know. There are various explanations. I could have done it or she could have done that.

ADV SIBEKO: You cannot take it further than this?

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DR YOUNG: I certainly cannot take it much further now, cold light of day I certainly could take it further if I had a couple of hours to do the cross checking.

ADV SIBEKO: All right.

5 DR YOUNG: If I may say so. I want to put it on record. As I have stated before, I only finished this witness statement on Monday 24:00 (midnight) and I put on the record that I have not had a chance to check it to cross-reference it to the document. I have put that on the record. There was a huge problem when the Commission itself insisted in  
10 preparing a witness statement itself and I only got back a word processed document in November last year at the end of the year.

I have personally not had one single opportunity of proofreading this thing on paper. So if there are, in fact I think I also said that there could be small errors and this is one. I think this is one. I do not think it is  
15 fundamental but that is a reality of the ground. I have stated many times before that I would not be ready. My witness statement and my evidence will not be ready. I actually seriously suggested that we start on the 19<sup>th</sup> ...[intervenes].

CHAIRPERSON: Let us get on with the leading of the evidence. I do  
20 not think that issue is necessary. Can we continue leading the evidence.

DR YOUNG: I do not want to get combative[?] with you but I am being challenged on certain things providing explanations of discrepancies and whether or not I do, I need to make a statement in ...[intervenes].

25 CHAIRPERSON: Can we now proceed?



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DR YOUNG: Yes Chairman I can do so.

ADV SIBEKO: Can I then ask you to turn [intervenues].

COMMISSIONER MUSI: Just one point of clarification. On paragraph 115 in the statement.

5     *"On or about 6 February 1995 the Program Plan was forwarded to amongst others CCII Systems."*

Did I understand the witness to say that this was not sent to other contenders. If I can get clarity on that?

ADV SIBEKO: Do you understand the question put to you by  
10   Commissioner Musi?

DR YOUNG: Yes, I heard that and I think I understand that. I will basically reiterate it if I can find the relevant document. which is open in front of me.

ADV SIBEKO: It is DTI0065 RMY14.

15   DR YOUNG: Yes, I think we are specifically referring to the distribution list?

ADV SIBEKO: Yes.

DR YOUNG: As I said this is a distribution list of all the relevant parties including the contracting parties and line 27 shows my name, the  
20   companies name and the element name and what is said is that this also shows that at this stage it was not sent to any other contenders for the IMS. I was not saying that it was not sent to anybody or any other subcontracting parties. There was no other competitive contender for the IMS at this particular stage.

25   COMMISSIONER MUSI: Thank you that is all.

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ADV SIBEKO: Paragraph 117 of your statement Dr Young you mentioned that to the knowledge of [indistinct] that is after you had responded to that memorandum that was sent to you with the Program Plan. You say at 117:

5     *“To the knowledge of Armscor the DoD and the South African Navy, CCII Systems continued thereafter to expand money and effort on the development of IMS in the reasonable expectation that with the IMS met the technical and functional requirement specified by the South African Navy that the company would be awarded the contract for supplying the*  
10    *IMS corvettes to by acquired by the Navy.”*

What was the basis of this reasonable expectation that you are referring too here?

DR YOUNG: Well yes, we invested ourselves. Not only do we have contracts from Armscor but it was well known that all the contenders,  
15    well the total amount of money sufficient to the Sub Systems to full, provision was very limited. So companies were investing their own time and money as well. I came to that in more specific detail towards the end of my witness statement where there is documentary evidence of that.

20    That is one basis for this reasonable expectation. Also is that if the IMS had been indicted as been allocated to a contractor by name, company name, my name and there were no other contenders and one met the technical requirements within the reasonable time scales of the project. Also one fully conformed to all the technical and other  
25    specifications in other documents that there would not be a (off course)

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the price was reasonable there would not be another contender especially at a very late stage.

What I have alluded to so far and will come to it in more detail is that there was no other contender ever identified and even less so was there  
5 anybody who came in that met in any way close or possible to the stipulated technical requirements.

ADV SIBEKO: Then you mentioned that although some work had been done in project Sitron and this is the first phase we have been talking about. This was then not approved by Cabinet and the Defence Review  
10 then intervened in the interim.

DR YOUNG: That is correct you described the situation correctly.

ADV SIBEKO: What happened to the technical development on this program that your company had been involved in. Did you stop or what was the situation?

15 DR YOUNG: No, as I said in my evidence before lunch. To all intense purposes the development carried on at full steam under the [indistinct] this project, Project Sitron got put on hold and in respect of the technical development efforts there was no discernable difference to us in terms of what was required. Certainly it might have been described as a  
20 technology retention project but there was no difference for us in the way we managed the project in terms of the formalities of it. Risk management, risk reports and regular review of pricing for the purposes of deployment on a ship and not just the technology retention to peak performance to all baseline management. Everything went on  
25 absolutely as normal as a normal Capital Development Project.

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What I will say is that we, there were very specific Project Sitron at a management level we were really involved with that at the IMS level things might have been different in that regard. Our IMS level it was just like a continuance from the 1995 bracket to the when Sitron got reconstituted in 1997. There was no discernable change for us.

ADV SIBEKO: As he talk about the absence of a discernable change notwithstanding the Defence Review with regard to Project Sitron. You make reference to risks as from paragraph 119 of your statement on page 24. There you refer to price and risk audits were conducted on CCII Systems IMS by the South African Navy, Amcor and ADS in April 1997. Then again in May 1998. Would you just expand on this a little?

DR YOUNG: Okay. The first point of this particular item in my witness statement is as an introductory to the later bigger theme of risk. It was on the so-called notion for want of a better word, of risk that our IMS was deselected and replaced with something else because of risk.

At the same time I can say that in this period 1997 and 1998 when Project Surex was alive and was purely a project retention technology, retention project. Later I will address on the evidence of Fritz Nortjè where he is saying that he invested in people et cetera. If you are investing in people and keep the capability in terms of people alive. It seems a little in congress as one doing such a formalised process of identifying risks. Not only in terms of the normal three monthly cycle of progress reports and progress meetings. In terms of once a year annual risk audits.

If one is only to note technology retention why is it necessary to

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addressing prices when they are so worried about prices changing or becoming too expensive. Why would one not be worried about that for technology retention program. It was all to do with the program to which this technology development, technology retention was intended. That was the Capital Program called Project Sitron.

ADV SIBEKO: You mentioned that these audits that were conducted were documented and set in spreadsheets. If I refer you attention to your document DT10200. This is RMY16. Which appears from page 225 and later we will deal with RMY17 for purposes of this question. Would this be the spreadsheet that you are referring too in the statement of the risk audits that mattered?

DR YOUNG: No this particular document is not the spreadsheet itself. I have the document in front of me. Basically it is an introductory to the actual results of the risk audit. That is the formal request actually from Lieutenant Commander Ian Egan Fowler who was by then the project engineer.

You will see something of possible significance. Now just above the two sub [indistinct] now the project is called Project S. It is not Project Sitron or Project Surex. That was one of the way that this thing carried on in terms of the ambiguity between the Surex and the Sitron. Anyway it is still a Project S document. If I may say this is more related to project Sitron we do combat audit on the technology retention program.

It is basically setting out the project team's requirements. Although I say that there were risk audits from 1997 and 1998. You will see this one if from 1998 and I think the one from 1997 was more or less exactly

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the same and identified again is our company in the segment in which we were operating the integration segment, the system. The element INS and the company is organisation is CCII Systems.

There is set out the format in which they wanted our responses.

5 There is the sub system level. Also important as far as risk is concerned item 24 sets out the requirement for you own (I suppose) assessment of the risks if any inherent in it. A little bit later I hopefully do paraphrase correctly this time. Our response is in terms of risks and it is certainly in terms of prices. Prices were supplied and those prices  
10 would become relatively important in the greater scheme of things of what we eventually offered and how our prices were escalated.

It is finally in terms of distribution lists our origination (section 3, sub master 3) our company when asked are the only recipients as far as IMS are concerned. There are not any other contenders. So that is what  
15 I want to say in respect of this document as an introduction to the next.

ADV SIBEKO: Now this distribution list up here at 228 of your RMY16.

DR YOUNG: Okay.

ADV SIBEKO: If one looks at page ...[intervenes].

COMMISSIONER MUSI: What page is it?

20 ADV SIBEKO: 228. The company is reflected next to number 3, is that correct?

DR YOUNG: Yes CCII, is reflected on the first page and then the distribution. The acronym of the company CCRI is reflected on the first page against the IMS. Then under 3 on the distribution list we are  
25 referred to as C<sup>2</sup>I<sup>2</sup> with myself and three of my colleagues being on the

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sole distribution list.

ADV SIBEKO: Now you also deal with a document DT10201 it is RMY17 at page 230. This is a letter to the project officer. It is date 1998-04-28. Could you just briefly tell us about this letter?

5 DR YOUNG: I just need to close down a few things before my machine possibly hangs up. We are talking about DTI201?

ADV SIBEKO: Yes.

DR YOUNG: Okay this is a letter in response to the project officer of Project S, I suppose. It is our response to the previous request to  
10 conduct an audit. Off course this is specifically regarding the IMS and an incinerate part of it which we called IMS [indistinct] Tester that we handled it separately. It is entitled IMS Bust Tested Cost and Scheduled Audit 1998. That is my identification. Is there anything further that you want to me to address. sorry. Is there anything further that you want me  
15 to address to this specific document.

ADV SIBEKO: No, the point of it was to set out and demonstrate that once these audit schedules that you have been distributed you would then have responded to the audits and informed the project officer of what was needed for purpose of the audit, is that correct?

20 DR YOUNG: That is correct. As one can see it is a pretty detailed response. I think with the letter and it annexure it looks like 20 pages to me. Certainly there are detailed explanation of prices and price increases which as I said before would not normally be relevant to a technology retention program. In fact very interesting and on, my page  
25 3 so I presume that is document the letter page 3 as well.

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We provide an estimate of our 1999 audit results and our costs and then we also provide the costs in 1998, May why that is [indistinct] when we were asked for quotations in 1999 they are exactly the same.

ADV SIBEKO: This appears at page 232 of the papers. You can  
5 proceed with the response?

DR YOUNG: Okay. I will just repeat that as quickly as I can. It is fairly significant in the May 1997, in April 1997 we did a cost and risk audit where we recorded the price in those financial conditions as R29.5 million.

10 The next year in May 1998 which we will address in a little bit further detail coming up we provide a price of R38 million. We provide reasons for the increase and various changes of baseline et cetera. We ventilate all of this in rather excruciating detail for a technology retention program.

15 ADV SIBEKO: Do you say that in paragraph 120 that after the completion of the May 98 audit Armscor and ABS prepared a consolidated results summary. Just for you to explain that through the DTI0202 document which appears as RMY18, page 250?

DR YOUNG: Yes, I can see that. I can possibly start by saying it was  
20 clear to us, we were participants that each system or sub system as we referred to it then would provide their own costs in this audits. That would then be gathered up into our higher level of cost and risk audit being undertaken by the project team. I do not think that I had ever seen being provided with the complete, at sub levels we were at level 3.

25 The combat suite is level 4. I do not think that I have ever seen a



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complete level 4 cost and risk audit forms. What I have at the document which your refereed to at 202 there is a spreadsheet which is all very very small. Even smaller if they copies yours on portrait and not landscape. At the very top under the word confidential there is Project  
5 Sitron Combat Suite Definition Audit May 1990.

I see this was a document provided to me and you can see that from the tipex reductions of the black spots. Anyway I have taken this as one of the level 4 results from that cost and risk audit. It is a kind of an indication that did that it was done at system level.

10 I do go into the risk slightly more detailed, little further on but is probably going to be if I may ask, is yours landscape or ... you have a landscape version. I saw ounces in portrait yesterday which is probably almost impossible to read. It is also extremely, extremely poor quality but I have read this.

15 There is a line item, the third last item is called, Information Management System Network Interface Cards and whatever. A whole lot of figures which is the prices of course. In terms of risk is that this point in May 1998 at system level, the last column of the spreadsheet which is called risk assessment. It is called column 20, column 20. The  
20 risk for the IMS is identified as low.

So there were two points, two reasons for this showing this document. It was a consolidation of costs and risks. Costs you can see I can hardly even read them. Certainly the risk is identified as low.

ADV SIBEKO: So if the risk in the audit is identified as low with regard  
25 to the IMS what does that mean?

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DR YOUNG: Well it means a couple of things. It is as I said before one would not expect the Acquisition Authorities. authorities to start hunting around for a competitor or alternative contender if the prices were acceptable and the risks were low, or they were manageable. Low does  
5 mean manageable that is for sure. So what I am saying is that it did not seem on the face of it at least to be any reason for there to be a suite change in the possible suppliers of the IMS. That is the first part.

The second part of it is that as I said before that the IMS got replaced with a competitive product based on untenable, unmanageable risk. I  
10 am saying that is surprising to me because the risks were low. Nobody ever... first of all this is not [indistinct] they took what we put. This is not just a yearly price risk audit. You see this is another point about project Surex and Project Sitron.

Is that why would one have a three monthly progress reporting cycle  
15 including a project report which included its own self standing risk report and a project meeting and project minutes all for a technology retention program. In any way as far as risk would be concern, risk would be managed on a continuous basis. Not only were there a risk report there was a thing called task status list. Which is being managed day by day  
20 it was being printed and reviewed every three months.

So risk were managed continuously and risks on that basis were also be managed and going away and being attended too. Nobody ever, at least formally continued with the contention of risk were other than low. Here is a recordal at the Navy Project Team Level that the risks are low.

25 ADV SIBEKO: That is paragraph 121 going forward you set out as to

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how these audits were conducted throughout the questionnaires et cetera. At the conclusion of that discussion your refer to a document DT10417 which is RMY19. It appears at page 251. Can you just take us through that?

- 5 DR YOUNG: Yes, this might even be a slight more legible version of the same document. I think it probably is.

ADV SIBEKO: It is not adapted?

DR YOUNG: Yes, this particular version is not adapted and it is probably legible.

- 10 ADV SIBEKO: Could you just take us through that?

DR YOUNG: Again it looks to me that is it the results of the May 1999 audit. It might have been printed 1999 but unfortunately there is a hole there which is an unfortunately unintentional reduction but something has been written there by hand. It is printed written in by hand. I still  
15 think that comes out of the audit.

- Then it is written in hand, candidate suppliers. These were the same suppliers as were first mentioned. These were the same suppliers that were also in contention right from the beginning whether it was 1993 or 1995. This is now 1998. They are also the same suppliers as are  
20 identified in the September 1997 Project Baseline Document that was issued with the request for information called the Element Costing and Description. We will come to that in more detail a bit later. Anyway the same suppliers are mentioned. In the ECD they were called nominated contractors and later they were called candidate suppliers in the user  
25 requirement specification. This [indistinct] seems to be congruent with

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that.

I am pretty sure that this is only one page so it is only one page of many. Would you like me to stop there?

ADV SIBEKO: Yes. If you look at the left hand of that document just below the written manuscript there is heading or what appears to be a heading of what the document is. It says Project Sitron Combat Suite Costing Estimate November 1999?

DR YOUNG: This is 1998. But based on the May 1998 audit.

ADV SIBEKO: Yes. Is there anything else that you need to highlight or emphasise with regard to this document as you have elucidated in your statement?

DR YOUNG: No I think I covered in the reductive version of it. I think when I addressed the rest adequately.

ADV SIBEKO: This then takes us to your statement. If you then turn the page at paragraph 127. There you deal with an internal preview that was conducted by ADS and Thompson. Can you take us through that please and you can do that while you look at DT10313 to RMY20. At page 252?

DR YOUNG: Yes, I will do that. I will start off by looking at my witness statement. If you look at the date that this document was produced. We are looking at 7 December 1998. By that stage the GFC had been identified by the Acquisition Authorities as the preferred supplier and they had identified ADS and Thompson CFS Naval Combat Systems that is a division as their partner later formal consortium partners to supply and actually be responsible for the combat suite.

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Very soon thereafter that happened in September 1998. Round about beginning of December 1998 ADS started at least communicating with us and I am pretty sure all sub system suppliers. They are acting in the combat suite of level 4 or level 3 sub system suppliers with regard to  
5 soliciting responses including quotations and prices and technical details from us. You will see pretty much coming up that within a week or two or three they were getting our first quotation.

Now they have been identified in the acquisition process as responsible for the combat suite. So they are doing two things. They  
10 are getting out information and secondly part of that information is in order to get a internal decision of how they are going to respond with a total level 4 combat suite, price and proposal and addressing combat suite level risk and now we are talking about not putting it not just technology retention endeavour. We are putting in a commercially  
15 binding formal commercial offer.

This is the document that came to me during my endeavours to find out more about what really happened. Not all that long ago. Of course it is incredibly surprising to find an internal ADS Thompson document like we have before us. If I look, before I actually look at the document  
20 itself is the document which I hopefully correctly paraphrased here because I did this myself. I quote:

*"After careful analyses ADS/NCS have reached a conclusion that most of the risks in the South African Combat Suite Design were of an acceptable nature and therefore could be guaranteed except for the  
25 S.A.M and the radar tracker systems"*

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Those two are a big South African Systems being developed multi hundreds of million ones being done by Denel, Kentron and [Indistinct]. If I can just look at the document itself. These were documents that I know came from the whole investigation into ADS and Thompson et  
5 cetera.

I think I have given the correct contextual outline at the beginning. This is a precursor to making a formal decision of how to proceed. I think what is important here is that first of all they acknowledge the bottom line price in December 1997 of Combat Suite. They have  
10 R1.885 long before I knew R1.8 I estimated R1.9 million. This concurs with that.

ADV SIBEKO: Just to interrupt you there. You were careful to insure that the quotation that appears at paragraph 127 is a correct quotations. Can I ask you to look at page 2 of that document. It is page 253 of  
15 RMY20. You see a heading there the risks?

DR YOUNG: Yes.

ADV SIBEKO: So the passage that you have quoted here that comes from there. am I correct?

DR YOUNG: I certainly hope so because I did this document and I did a  
20 digital [indistinct] so other than a word processing errors I hope that there are not any quotation errors here. If anybody wants to point that out to me I am open to that.

ADV SIBEKO: Okay.

DR YOUNG: If I may go to the last quoted point on the first page. At  
25 least they were aware of high risks and in fact as I have quoted and also

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as stated in that bulleted point specifically referred to the Surface to Air Missile which is a brand new missile which is being developed by Kentron, Unkonto and the Router Radar System Tracking Radar. In other words not only knew but they were hundred of million so the  
5 business implication of the risk is there. They knew about those risks.

The most important point is when it comes to the IMS there is no mention of the IMS risk. So the party that made the most noise about risks was ADS. Only later which I will explain to you exactly why is but at this stage there was no mention of risk or at least unacceptable risk  
10 whatsoever. So my contention that I will make that the notion of unmanageable risks, business risks it is something that was made up after this. It did not exist at this stage.

ADV SIBEKO: This was in December 1998?

DR YOUNG: Yes, this was a pretty late stage. Just two weeks after this  
15 they were asking for our quotations. At this stage they were even still meetings I presume funded by Project Surex. System Level [indistinct] and none of these risks regarding the IMS were being ventilated.

This is the time frame as a absolute precursor for going into the what they call the negotiation phase which is mainly for the combat suite.  
20 That all happened started already in 1999. culminating into this. So this is the last months. If there had been risks those risks would have been recorded for the last three or four years.

ADV SIBEKO: You referred responses given by DR Kamerman in his section 28 interview which was conducted on 15 June 2001. The  
25 quotation there seems to be picked up from the interview. That

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transcript I see it has not been brought in but we refer it there as RMY21. At 255. That entire transcript runs into a couple of hundred of pages. We will try to extract the relevant documents and insert it here and to the extent that to the context thereof we will try and include  
5 perhaps more than the page that it reflects to as 814 as quoted there by the witness.

Dr Young I want you to take us through this statement.

DR YOUNG: Yes I have the benefit of digital document which does not requires a whole forest. It is 397 pages. It is to introduce one or two  
10 pages into the evidence. I have this original document. Again hopefully I cut and paste it correctly out of the OCR version of the transcript. I will read what is written in the second paragraph of page 814 if you would like me to do so?

ADV SIBEKO: Yes.

15 DR YOUNG: The interviewer asked what was the risk assessment of the IMS: Interviewees: Response:

*"The IMS in terms of the risk to our combat suite was relatively benign with regard to the technical aspects. We did not do a risk assessment at that time and the technology program of contractual commercial risk  
20 with regard to the issues that subsequently transpired and the Capital Program Negotiations where the majority of the risk was a contractual (inaudible) type of vessel, sic (whatever that means in Latin).*

*Certainly we were satisfied at the time that the C-Squid I-Squid's technology represented a manageable technical risk. Otherwise they  
25 would not come in put forward as a capital supplier in the tender*



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*documents that we instructed the (inaudible) Armscor [indistinct] to proceed with. I, e the URS that we gave or maybe the GFC the URS that we gave them in December 1998 that would have been GFC yes. as preferred supplier.*

5     *Had we not been satisfied that he had reached a level of technology that or that we had not a full level of technology we were satisfied long with the remaining listing that we did of local contractors.”*

ADV SIBEKO: When reference is made to the risk of the IMS being relatively benign or in the next paragraph that they were satisfied that at  
10   that C-Squid I-Squid technology represented a manageable technical risk what did you understand by it. What do you understand by this?

DR YOUNG: As I think I have stated elsewhere. I have been involved in capital programs from project winners in 1985 and there was formal or [indistinct] brands of capital nature and of this size. There is formal risk  
15   management. In fact some of the risk management is not just done in the South African Style but comes from System Engineering Methodology American.

Risks are normally categorised in terms of time scales, costs and performance. In the early days between 1985 and 1991 and 1994 in the  
20   South African context they had another category of risk called political risk. That was mainly due to sanctions and the possibility that all your other ducks in a row and you not being able to import the stuff or your smuggling agents get caught at the airport with the stuff you wanted. Those were political risks.

25   By that stuff, sorry that stage I mean in December 1998 when this

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actual interview was done in I think in June 2001. They were certainly referring to the 1998 context. I was not aware of any political or any political risks being manageable, in a political context. Okay let us say with the benefits of at this stage going on close on a decade and a half  
5 of my involvement with capital programs. Just remember I was not only involved in level 3 I was also involved in level 4. I had a visibility of risks at the combat suite level certain technical risks.

All the risk management done on time scales. cost and [indistinct] being reported. If one analyse all of those risks, if there are any risks if  
10 there are genuine any risks they will constitute, sorry they could constitute a business risk.

Somebody is assuming responsibility that would cost you to business. There were no risk. The risk was low in all of those categories,. So in my view there was no real risk at any level. The only risk that seem to  
15 come out if I recall (frankly speaking) a patent risk. Patent meaning manufacturing.

ADS and Thompson manufactured this risk in order to escalate... well first of all to escalate our prices with the risk, we took our price from, our price as I said was R38 million and our price at ADS was putting in was  
20 at R42 or R43 million and escalating to R89 million. That is the nut of how our company companies product our IMS basically became unaffordable at least in the view of the Acquisition Authorities and why we were replaced.

ADV SIBEKO: A part of the response that you gave to me is reflected at  
25 paragraph 129 and 130 of your statement, would you confirm that?

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DR YOUNG: Yes that is probably a written summary of what I have just said.

ADV SIBEKO: At 131 you refer to a fax from Thompson CFS dated 1998 August 31<sup>st</sup> ?

5 DR YOUNG: That is correct.

ADV SIBEKO: That is your DT10271 it is RMY22 and it is at page 256. Take us through that.

DR YOUNG: There is both the original French version and there is the English version . The English version come out of the efforts in the, I do  
10 not need to mince any words, the Schabir Shaik corruption trail. That is where the documents numbers at the top come from the 78... that was the investigating team number. The DSO the Scorpions at that stage got these documents formally translated. Unfortunately the translator made a bit of a mistake in the English version and wrote down the dates  
15 as 31 August 2000. We can see that is one reason why I have got the French version I am not fluent at all in French in fact I cannot speak of French but it seem to be dated Lundi 31 1998. Lundi is August.

ADV SIBEKO: The French version Commissioner Musi you will see is at page 257 of RMY22. Can you see it?

20 DR YOUNG: Yes, I can see that English version it is the second page of my document. 202.

COMMISSIONER MUSI: So the quotation at 131 of your statement is taken out of the English version I presume?

DR YOUNG: Yes, I have cut and paste the digitised version starting on  
25 the 5<sup>th</sup> last line of that big English paragraph.

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COMMISSIONER MUSI: It is the 4<sup>th</sup>?

DR YOUNG: The 4<sup>th</sup> last line?

COMMISSIONER MUSI: It says that:

“ *[indistinct] has proposed an alternative solution which will*  
5 *simultaneously protect the [indistinct] developed by C<sup>2</sup>I<sup>2</sup>. This solution*  
*weakens the ADS proposal and runs the risk of forcing an eventual*  
*argument for those that support the question of leadership of ADS.”*

ADV SIBEKO: Can you just explain?

DR YOUNG: Of course I have to elaborate slightly because the  
10 *[indistinct]* is written by somebody that I do not know but I understand it  
to be somebody Olivia Busia. It is written in slightly marketing type of  
talk.

Specifically I am talking to the reference to leadership of ADS. What  
leadership of ADS means is being responsible for the integration and  
15 the integrated supply of the integrated combat suite. That is what they  
mean there.

What is also means is that ADS call the shots that is the leadership  
calling shots of what is what. Of course there is a lot of things in this  
particular short memorandum. When this is said in August 1998 by this  
20 stage Thompson CFS had bought 50% of ADS. They refer to the  
reaction of the principal chief of staff concerned of the presentation by  
ADS on the new system of the combat suite based on TNT.

TNT is the Thompson CFS, Combat Management System called  
Tavitac that is its name in French NT for New Technology. Now they did  
25 that in quite a long time before that in the beginning of July as they say.

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I attended a meeting in Mount Edgecombe where I believe that, that presentation was actually given the previous evening. We saw an almost identical presentation by ADS though I was myself part of the chiefs of staff. We certainly saw what was being proposed. That would  
5 be to come onto the CS1 to CS7 those are the different combat suite architectures and basically what was being proposed at that early stage in mid 1998 is the removal of that C-Squid I-Squid INS. Because many of those combat suite architectures actually do that specifically.

Politically they wanted to know what the reaction of the chief of staff's  
10 that is what they mean by the head people in the Navy the Acquisition Authorities, Armscor et cetera. We are see, they wanted to know whether there would be immediate [indistinct] reaction to whether or not their proposals to remove not only remove the IMS but by removing IMS they get leadership technical leadership of the architecture. It  
15 means two things and I will come to it a little bit later. Is replacement of the indigenous South African Combat Management System with the French TNT, Tavitac. By itself that is by itself change the architect of the system. It connected to everything else where instead of an independent IMS connecting everything independently and of course it  
20 took the whole architecture with the Tavitac TNT you did not need an IMS.

Because that combat management system itself did all the connectivity. So there is two aspects of it what do they call it. A technology insurgence using a polite terminology of the TNT and  
25 changing of the whole combat suite architecture because of TNT and at

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the same time removing out bids.

ADV SIBEKO: Now how is or what entity is BAC that is referred to in the document?

DR YOUNG: Again we are going to address the whole BAe-SEMA  
5 issue in more detail in a slightly different context. Certainly in terms of  
the time the chronological context it is absolutely imperative or important  
of what was happening here in this time period of 31 August 1998. As I  
explain a little bit more detail. At that stage up until I think it was May  
1998 there was going to be an ADS, Altech Defence System, combat  
10 management system and that is why I mentioned the AIS and the WCU  
as being the ADS's combat management system.

As soon as the French bought 50%, the French Company Thompson  
CFS bought 50% of ADS they obviously well they did it for particular  
reason. They did it to get this particular contract. But until that  
15 happened it was going to be a complete South African solution. You  
can see that from many other documents including the run-up to the  
[indistinct].

So companies like BAe-SEMA, BAe-SEMA is a subsidiary 50%  
owned by British Eurospace and 50% owned by a company called  
20 SEMA in France. They were very interested. They would be interested  
actually from way back when in early 90's. Certainly I will talk a little bit  
more from 1997 because some very interesting things happened in  
1997 regarding their visit to the country. Also they were keeping a  
watching brief, you call it legally of what was happening.

25 They kept a low profile but as soon as Thompson bought 50% and

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were proposing to exclude the South African CMS the BAe-SEMA says we also have a CMS, okay we have change to get in now.

They were talking to a lot of people in the country. We were just this tiny entity but they would talk to but I will address that in quite detail who they were actually talking too. Of course this guy Olivia Busia that I know as a marketing guy he is actually in a polite way he is an intelligence agent. Not in a negative way but he is there on the ground to work out what is happening. He was reporting back on BAe's interests in the combat suite.

Precisely what he says, BAe-SEMA was proposing an alternative solution. They were actually proposing an alternative combat suite based on the BAe combat management system and [indistinct] but the same one. Of course if they waited longer they would have as he says protected the [indistinct]. So that is why he is reporting back that the complete situation that was developing was of such great importance that it needed to be fed back to head officer in Paris.

ADV SIBEKO: What was the significance of your reference to "our friend CS" at paragraph 133 of the statement going on to 134?

DR YOUNG: Yes as I said that they have referred to as our friend CS and then at the next line they jump the position of Principal Chief of Service. Now one of the chiefs was the Chief of Acquisitions. So certainly at this stage there was somebody called Chippy Shaik who was a chief. I am unaware of any other person in this acquisition process who is referred to by the indentifying CS. As you will see from other documents plenty other documents that they were friends, Chippy

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Shaik was having meetings with them. They were reporting back regarding various interactions.

Although I was not there I would say that this is my opinion is that one of the Principal Chief of Service to whom they gave this presentation  
5 would have been Chippy Shaik and he being an insider would have been well placed to provide a response on the hot response, hot reaction presentation of the other people. These were the chiefs of the process at least. Derrick Crooning was a senior manager in Armscor. Kevin we would come to and the bosses from the Navy side are  
10 Admiral, Captain [indistinct] and his boss Admiral, Howel and Van Skrick is actually the person who replaced General Howel as Shaik, Van der Schyff.

CHAIRPERSON: Will this not perhaps be an appropriate time to adjourn?

15 ADV SIBEKO: It will Chair I just need an indulgence of five minutes just too close of this section because then we can start with a new section when we continue tomorrow.

CHAIRPERSON: Thank you.

ADV SIBEKO: You were referring to paragraph 114?

20 DR YOUNG: Yes, I am going to come to the whole issue of Chippy Shaik and the conflict of interest. I think it is just relevant at this point to point out is that although Chippy Shaik formally declared his conflict of interest at the first project control board in December 1998 he was by then the Chief Acquisitionist. So other than the recusal the actual state  
25 the conflict of interest existed at this stage.



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As I have said his brother Shabir from where the conflict of interest derives was already a director of ADS I believe from much, much earlier something like 1995. Also the partners of Thompsons was Schabir Shaik company Ncobe Holdings. So the real state of conflict of interest  
5 did exist.

If this is true that they were using their friend in the group of Chiefs of Service it is unlikely that they would have put this in writing. Of course they would never has suspected that I would have seen this document purport to be ventilated in proceedings such as this it is an internal  
10 document. So we have to take it at face value. If it is true and they were expecting to get his input on that it is very telling regarding the sharing, I am not talking about, how can I say from a military point of view but from a somebody on the inside of the Acquisition Process being the Chief of Acquisitions at this early stage before the negotiation phase passing  
15 information, ultra ultra sensitive situation to a foreign company.

ADV SIBEKO: You conclude that section of your discussion by mentioning that during June 1997 and plus the Defence Review that you had referred to earlier in the statement the Cabinet approved *inter alia* the program for the acquisition of four Patrol Corvettes like the DOD or  
20 the South African Navy?

DR YOUNG: Yes this is probably not something in my own knowledge but certainly what is in my own knowledge that the Corvette Program kicked off officially with the request for information to the overseas contenders in September 1993. So obviously by September 1997 it had  
25 been approved otherwise (at least in principle) it was a government to

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government package. So my statement of it being approved in 1997 June I think would be correct.

ADV SIBEKO: We shall deal with the details of what he did when we proceed again tomorrow.

5 CHAIRPERSON: Thank you. We adjourn until tomorrow and tomorrow we start again at 09:00.

ADV SIBEKO: Sir we would be supervising again the finalisation of the bundles. We left quite late last night. I was going to request an indulgence that perhaps we could start at around 10:00. We will try and  
10 push a little quicker tomorrow?

CHAIRPERSON: So we start of 10:00. Then in that case let us start tomorrow at 10:00.

**(COMMISSION ADJOURNS)**

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**ARMS PROCUREMENT COMMISSION**

*Transparency, Accountability and the Rule of Law*

**PUBLIC HEARINGS**

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**HEARING ON 6 MARCH 2015**

CHAIRPERSON: Thank you. Good morning everybody. Advocate Sibeko?

ADV SIBEKO: Thank you, Chair, Commissioner Musi. We are ready  
5 to continue.

**RICHARD MICHAEL MOBERLEY YOUNG**: (s.u.o.)

ADV SIBEKO: Chair, it does appear that the confirmation of the witness's oath does not seem to be recorded, as the mike was not on. I would just wish to place it on record that he has confirmed that he is still  
10 under oath.

CHAIRPERSON: Thank you.

ADV SIBEKO: Dr Young, when we adjourned yesterday, we were about to start with the topic, dealing with the request for information, which appears on page 28 of your statement. The discussion picks up  
15 at paragraph 136. Do you see that?

DR YOUNG: Yes. I see that.

ADV SIBEKO: Now, the evidence relating to the issue, involved the other RFI's pursuant to a decision taken, after the defence review is already on record in, before this Commission. Is there anything you  
20 would like to highlight, with regard to the issuing of the RFI?

DR YOUNG: Not specifically. Although, probably, in paragraph 137, I refer to a very important document, which we will address in a bit more detail later. But, I introduce it now. It is called the element costing and description.

25 ADV SIBEKO: Will you just briefly want to highlight, wish to highlight

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what, what the relevance of the element costing and description is, to your evidence?

DR YOUNG: Do you say the relevance?

ADV SIBEKO: Yes.

5 DR YOUNG: Okay. I have a, the copy of the document in front of me. As I have said before, it is a document that was issued as a companion.

ADV SIBEKO: The, the document that you have in front of you, is that the DT 1 0177?

DR YOUNG: That is correct, yes.

10 ADV SIBEKO: Now, Chair, that document appears as RMY 23, in file one, page 258. May we proceed, Dr Young? RMY 23, at page 258. Alright. Dr Young, you may proceed. I believe the passages you want, you would want to refer to, are contained in this document.

DR YOUNG: They certainly are. But, maybe I need to say that there  
15 actually are two different versions. The one I am looking at is the 30<sup>th</sup> of September 1997 version. There was a later version, as well. It, maybe, maybe the exact wording comes out of the second version, for all I know. But, you know, as I said a little earlier, we were going to address this one, this document a little bit later. But, at, by way of introduction,  
20 at this point, what is relevant is the, is the title of the document. It is SA Navy patrol Corvette combat suite, element costing and description. The document status is indicated on the first page as authorised for issue on patrol Corvette acquisition project. It is sitting at issue two. So, it is, it is not just a draft. Is there anything else you want me to  
25 address at this particular stage, before we come to it in more detail,

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later?

ADV SIBEKO: No. We, we can do that at a later stage. But, once the short list, once the RFI's had been issued, there were suppliers or companies that were short listed and a, or requests for final offers were  
5 then issued to those companies, who had been short listed. Do you confirm that?

DR YOUNG: Yes. This was issued in respect to the RFI stage and the interested companies responded and, at a later stage, I think, the, the request for offer, whether you, whether it is request for proposal or  
10 request for offer or request for final offer, I am not quite sure at this stage. They were submitted in May, the following year, after being requested, I think, in mid January or February of this year. This particular document that I think, is important, is with regards to the combat suite and not the entire vessel.

15 ADV SIBEKO: Now, the particular document, you are referring to, is that DT 1 0204 in your statement, just below paragraph 139?

DR YOUNG: That is correct, yes.

ADV SIBEKO: Chair, Commissioner Musi, colleagues, the document DT 1 0204 is RMY 24, which appears and it is from page 270. Now, are  
20 there specific passages you want to be, liked to be referred to in this document? Or do you want to just give a brief narration of what you need to say, regarding this document?

DR YOUNG: So, we are talking about his document. You are talking about the ECD or the, the request for offer?

25 ADV SIBEKO: The request for final offer.

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DR YOUNG: Okay. It is quite a long document. It is 43 pages I see. I, I have highlighted as, as books marks a couple of things. It might not be everything that needs to be addressed. But, if I open my first book mark and I go to page, let us see, page 5 of 43, which, I, I cannot see  
5 your own numbering, from my, my digital document.

ADV SIBEKO: That will be page 274 that is a heading or subheading that refers to the combat suite subcontractor. Is that what you want to refer to?

DR YOUNG: You mean contract, combat suite contractor, you said  
10 subcontractor.

ADV SIBEKO: Combat suite contractor.

DR YOUNG: That is correct, yes. Alright. That is a ...[intervene]

ADV SIBEKO: Switch on your ...[intervene]

DR YOUNG: That is correct. There is a section there, headed  
15 combat suite contractor and it is stated that it is envisaged that the combat suite contractor, would be a South African industry consortium, wherein Altech Defence Systems plays a leading role, co-responsible for the overall design integration and supply of the combat suite element.

ADV SIBEKO: Now, the document also mentions that the updated  
20 version or that that is the request for final offer has included in it, an updated version of the ECD. Could you please just clarify or remind us what the ECD is?

DR YOUNG: Okay. At this stage, it is probably important to, to introduce the issue, is that a combat suite for a surface vessel had been  
25 in development, as we discussed yesterday, in terms of Projection

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Diodon, Project SUVECS, the early part of, of Project Sitron. So, it did, it did exist and that was specified to the overseas ship suppliers that that entire combat suite should be costed into their proposals, at a, without visibility into the detail. So, I think, what they call it is the black box that

5 there was a combat suite was stipulated, it was supplied. It would be supplied by the South African industry, co-led by ADS and that it had a specific price ceiling, at that stage. The ECD refers very specifically to a price ceiling, which actually originated out of the May 1999, May 1998 audit of R1.4 billion in May 1998, financial terms. That is an important

10 issue of the ECD. But, the other thing is, the ECD basically describes the suppliers for the combat suite elements, other than ADS, as nominated, nominated subcontractor or nominated companies and that the systems or the products, which were included, are stipulated by the name of the product, like in this particular instance, the IMS with the

15 supplier being C Square I Square Systems. That basically is the base line for, for the inclusion of the ship offers, going forward from there.

ADV SIBEKO: And the contents of what you refer to as ECD, this is what is set out in, or as from your paragraph 133 of your statement. Is that correct?

20 DR YOUNG: The paragraph 1.3, as I am reading, in front of me, it says ship platform requirements specifications.

ADV SIBEKO: Oh. I beg your pardon.

DR YOUNG: Okay. But, that is a, that is an important issue. One of the, when you were asking me to traverse what was important in the, in

25 the specification, one of the referenced documents is in the user



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requirement specifications is a thing, called the ship platform requirement specification, which is addressed here, by my paragraph 143. That quotation, hopefully correctly transcribed from the document, is in front of us and possibly, at this stage it is valuable to read that into the record. As I discussed yesterday, that there were various base line documents. We were talking about base line management yesterday. One of the base line documents is the platform requirement specification. It specifically refers to, about the technology of the data bus and then the [indistinct] of the data bus, being the IMS, information management system. This is referred to as data bus, which is a customer specified dual redundant fibre optic LAN, which stands for local area network, data bus, to the Safenet standard, Safenet, being an acronym for the Survivable adaptable fibre embedded network. It is a US Military, Navy standard. It will be installed at build, to provide for the information management system, IMS, in accordance with appendix A and run in accordance with the vulnerability requirements, stated in, obviously a section called 097/6.

ADV SIBEKO: Perhaps, just to keep everybody on the same page as us, this is what appears at paragraph 143, it is part of RMY 25, at page 315, paragraph 4.2. Now, Dr Young, just to take one step back. You, you were talking about, earlier on, or I direct our attention to RMY 25. You were talking about the ECD. Now, the, the ECD, would that be the document, appearing at the end of one, in your statement, paragraph 137, DT 1 0177?

DR YOUNG: Yes. That is correct. That is the one I have open, I

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have had open, in front of me, yes. Sorry, that is what I have, that is correct, yes.

ADV SIBEKO: The ECD, Chair and Commissioner Musi, is at RMY 23, at page 258. At page 2 of the document, which is in the bundle at 259, that is, it is written there:

*"The proof of this document is approved for each of the [indistinct] patrol Corvette on the [indistinct] as on the costing and description, for perhaps of assisting invited countries to prepare proposals for the supply of four patrol Corvette vessels and associated logistical support to the SA Navy, in terms of the Minister of Defence letter."*

Now, you indicated, during the course of discussing this, this document that the, in, in that ECD there was a ceiling set for the costing of the combat, the combat suite.

DR YOUNG: That is correct, yes, the R1.4 billion. That, that is at paragraph 7, under the heading ceiling costs and inclusion assumptions. The document is, well my document is at page 4.

ADV SIBEKO: That would be page 261 in the bundle. At paragraph 7, the following is recorded, can you confirm that? Ceiling costs and inclusion of assumptions:

*"The SA Navy ceiling cost for the combat suite element is set at R1 470 million, R1 470 million, in predicted April 1998 rands. These costs arise from a recent and comprehensive audit of the combat suite, with all local suppliers providing detailed budgetary estimates to a common base line, against an approved break down and specifications."*

Is that what you have already testified to?

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DR YOUNG: That is correct, yes.

ADV SIBEKO: If I ask you to turn to the next page of that document, it is your page 5 and it is 262 of the bundle.

DR YOUNG: I have got the page 5.

5 ADV SIBEKO: If you turn your attention to paragraph g, if you could comment on that please?

DR YOUNG: Paragraph g, does that refer to the custom furnished equipment?

ADV SIBEKO: Yes.

10 DR YOUNG: Well it does, I am quite, trying to think of what the particular relevance is of, to my, to my, to my evidence. But, if that is, that is what paragraph g is about.

ADV SIBEKO: Does anything turn on that paragraph g, in so far as it relates to C Square I Square?

15 DR YOUNG: Not that I can see. But, there are previous paragraphs that certainly do, that I do want to, wish to address.

ADV SIBEKO: You may do so.

DR YOUNG: Hopefully the reference is right. Hopefully the reference is correct. It is on the documents, page 3, page 3 in the top right hand  
20 corner and, and ...[intervene]

ADV SIBEKO: That will be, that will be page 260 of the bundle.

DR YOUNG: *Ja*. I am going to leave the bundle, because I cannot read it. I can only look at my computer version.

ADV SIBEKO: It is page 260 of the bundle. You can proceed then.

25 DR YOUNG: Okay. It is under the major heading, background,

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paragraph 2 is entitled the patrol Corvette acquisition, the project nature and scope. The paragraph, which hopefully, I have transcribed correctly, is point 2 a ii, which I read as:

5     *"The combat suite element is the command in control communications navigation centre and effective systems, specify and selected (I want to emphasize) were selected by the SA Navy, compromising of system developed and produced by nominated RSA industry, systems from the SA Navy inventory and three systems we acquired from overseas. There are the primary [indistinct] anti-ship*  
10    *missile and sonar systems."*

ADV SIBEKO: Is there any other paragraph relevant to your evidence on this page 3 of this document that you would like to emphasize on?

DR YOUNG: Not on page 3 that I can see.

ADV SIBEKO: Any other page that you can see on the document? Is  
15    there anything else you would like to bring to the Commission's attentions? Perhaps if I ask you to turn your attention to page 6 of the document, this is at page 263. There is a heading at the bottom of that page that state's combat suite element description.

DR YOUNG: Yes. That is exactly what I was coming to. It is  
20    paragraph 9 and we do not have to read the whole thing. Well, maybe, maybe this actually is important:

*"The patrol Corvette combat suite is a modern land based naval combat system with a distributed processing architecture, making extensive use of commercial, off the shelf technology. Processing is*  
25    *intel based, with multi based two interfacing. The language used, being*

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mainly ADA and C plus plus and certain applications to the combat suite. (This is the important part) the combat suite consists mainly of substances developed, only developed by South African industry in addition to some items of equipment from the SA Navy, which is the  
5 three major [indistinct] systems to acquired from foreign suppliers.”

Then, basically that seems to be a repetition in this document anyway.

ADV SIBEKO: What the witness was reading, Commissioner Musi, is at paragraph 9, at the bottom of that page. Now, if I ask you to turn to your page 7 of that document, it will be page 264 of the bundle. You will  
10 see, at the bottom there, is paragraph 12, which refers to product breakdown and there are subparagraphs there, a, b and c. Is there anything of any relevance to the issues you are testifying about?

DR YOUNG: Yes. The most important relevance is that it points to these tables, tabular descriptions, which is towards the end of the  
15 document. If I also may just take the opportunity, at the very top of this page is paragraph 10, which is entitled foreign source subsystems. But, it as a relevant introduction, which says:

“The RSA has a reasonably well developed Naval combat system industry, across a wide range of products and technologies. As the  
20 maintenance and expansion of these capabilities, affords the SA Navy certain strategic and cost [indistinct] advantages. The control Corvette combat suite element is mainly local sourced. As can be seen from the accompanying table (and that is where we are going to be going to) the primary local company nominated to integrate the combat suite element  
25 at system level is Altech Defence Systems, ADS, with the major local

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*suppliers of the subsystems, being messrs ADS Denel, Reutech Defence Industries, RDI, and Grinaker Electronics LTD.”*

ADV SIBEKO: Now, the tables that you are referring to, appear at the following page to that document, page, it is page 265, Chair, at 265 and  
5 266. That would be your pages 8 and 9.

DR YOUNG: Correct. That is correct.

ADV SIBEKO: Alright. That point, what appears in respect  
...[intervene]

DR YOUNG: It is quite, it is a little difficult, for even to me to read in,  
10 in landscape mode here. Hopefully, you have got landscape versions of it. Well, I think, the most important thing, this is a graphical description of the breakdown of the combat suite, into its various segments, which are basically identified at the third row down. So, you get one block, then two blocks, then a whole bunch of blocks and the very first one, on  
15 the left hand side, is called the integration segment and a segment is a notional thing. There is not an actual physical segment. But, it consists of a number of actual physical products or, or systems. From what I can see, the very, very top one is the information management system. At this juncture, it is probably also relevant to point out, for the, to set down  
20 for future evidence points, is the fourth column is entitled navigation segment. It is always difficult to refer to things that do not exist and what I point out that does not exist is something called, the navigation distribution system. Maybe I should carry on. May I carry on to the next, next table?

25 ADV SIBEKO: This is that one, appearing on page 9, which is our

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page 266.

DR YOUNG: That, that is correct. Now, here, we have a more detailed textural description of these elements. Under the integration segment, we have, third row down, we have a description of the relevant subsystem, being again the information management system. It's acronym being the IMS. With this description, being a, now I am battling to read a little here, expanding this, a dual redundant fibre optic network. FDDI, being the acronym for the technology being used, specified, fibre distributed data interface. It is a local area network or a LAN. Generity is also a data bus and LAN management for the distribution of all non-video data information, full stop, includes FDI network, interface cards, NIX, two interface non-IV systems and the final column is headed, element supplier and against that, for the IMS, C Square I Square.

ADV SIBEKO: And just lastly, in this document, if I could ask you to turn your attention to page 11, which is our page 268. There is, on the first column, something that is referred to there as trackers. What is that?

DR YOUNG: Yes. The tracker is a integrated, mainly radar, but also optronic radar. It is discussed to be as being one of the very expensive and extensively risky systems. We subcontracted to the supplier of that, which we have mentioned before, RDI, Reutech Defence Industries, specifically a subsidiary of theirs, called RRS, Reutech Radar Systems. So, we did the consoles on this, at the same level two. It is a subset of a subsystem and we are indicated there, as supply there C Square I Square Systems. This seems to me to be a note that is written in, in

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handwriting.

ADV SIBEKO: Yes. That is written in handwriting. Do you know who wrote that?

DR YOUNG: That actually looks like my handwriting. But, by the  
5 same point you want to get across, it is not written in, in handwriting. If  
we look, one, two, three, four rows above that, you will see radar  
consoles. This is for a different radar. This is for the surveillance radar  
or the search radar and there, there is again a foreign supplier. But, the  
local partner would have again, been Reutech Radar systems, doing  
10 part of that. We were designated to do the radar consoles for that, that  
particular as well and there, we are indicated. Not in handwriting, as C  
Square I Square and if I may say, that was not, not great relevance,  
specifically to these proceedings.

ADV SIBEKO: Okay.

15 DR YOUNG: But, if I may, at this stage it is a good, it is a good  
opportunity, because we have got the document in front of us. But, at  
the top of my page 10 ...[intervene]

COMMISSIONER MUSI: Okay. Let me see it here.

DR YOUNG: It is a point that I brought up yesterday and this point  
20 that will be coming up again in more substantial detail. May I address  
that?

ADV SIBEKO: Yes.

DR YOUNG: Okay. Under the command and control element, C  
square, it is partly where our name comes from, but not from this, not  
25 from this document, is a notional subsystem, called the combat



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management system. It got replaced by a, an actual system from, from France, from Thomsons SCF, called the Tavitac NT, which [indistinct] to that. But, at this stage, the, the stipulated subsystems were indigenous systems that have been developed under Projects Diamant and Project

5 Callibre, for the Navy's sky craft. At the upgrade for Project Sitron, as well, it was certainly modified, work had gone into them. These were individually known as the action information system and the working control unit. The supplier is indicated as ADS, but in this context it means Altech Defence Systems.

10 ADV SIBEKO: Now, the evidence that you have traversed, through this document, RMY 26, oh, 23, I beg your pardon, covers the paragraphs in your statement up to about paragraph, the end of paragraph 153. Can you confirm that?

DR YOUNG: That is correct. Maybe I was slightly pre-empted,

15 because I was referring to the ECD, dated 30<sup>th</sup> of September, whereas I have, this, beginning this about one, a little bit earlier, I saw we were referring to the updated ECD, ja, in paragraph 144. It referred to the updated ECD. But, as far as I know, that these particular references and quotations are identical that I have, I beg for forgiveness, if there

20 are discrepancies. That being said, without having to re-ventilate the whole issue, in terms of the, I think, it is the December 1998 version of the ECD.

ADV SIBEKO: Now, further on, at, as from paragraph 154, you deal with the CMS, which had been developed, under Project SUVECS as

25 we see here, at paragraph 155. Can you just briefly expand on that?

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DR YOUNG: Correct. Okay. Here on paragraph 154 and 155, I basically ventilate, what I have actually just said, when speaking to the ECD and its tables. But, it is basically a, a repetition of that. It is an introduction of what a CMS does in paragraph 154. Then, what I talked  
5 about, the CMS at this, at that stage, consisting of two actual subsystems, being AIS and WCS, being, being developed for the strike craft under projects, not only SUVECS, but Diamant, Callibre and then later under Project SUVECS.

ADV SIBEKO: Alright. Now, that, then brings us to your discussion of  
10 the revision two, of the Naval staff requirement, dealing with this issue. Can you just take us briefly to that? Now, this appears at RMY 26, as on page 316 of the bundle. In your, in your reference it is MSR needs 1990 ...[intervene]

DR YOUNG: Sorry. That is correct. I have got the document in front  
15 of me.

ADV SIBEKO: Yes. That this document also made certain provisions that are relevant to your testimony, with regards to the combat suite, could you just briefly deal with that?

DR YOUNG: Yes. I probably need to state on the record that this  
20 particular version of the MSR I did not, it seems I did not actually have before this Commission started. I took this, this version out of that, of one of the witnesses. I think, it might have been General Steyn, I am not sure. So, this is, this is a version that what was not designated as a DT 1 document, which would have come out of my discovery schedule.

25 But, at that stage, I seemed to have had a different version, possibly an

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unsigned version. Whatever, whatever quotations I have got here, might not necessarily have come out of this particular version, of the document that we are looking at now. But, hopefully, paragraph 13 would be the same. So, I need a slight indulgence, to find paragraph 13. Let us see  
5 if it is the same.

ADV SIBEKO: Just to assist you, paragraph 13 of this document, reads as follows:

*"The onboard combat suite. The onboard combat suite shall mainly consist of the weapon sensor C3I systems in the SADF inventory, or  
10 being developed/required under current capital and technology development/retention projects, i.e. the minimal design development and no technology development shall be undertaken, as part of the project. The system shall have, at least, the same above waterline of fire (LOF) and line of sight (LOS) capabilities as that of the current strike  
15 craft, in addition to the ASW capabilities, stated above. The combat suite is to be integrated on board in an open architecture, with distributed processing that allows for graceful incremental future upgrading. The project study is to address the cost integration risk and operational benefits of providing a medium to long range fire and  
20 update/[indistinct] system in lieu of fitting a skerpion system in its semi-active configuration and the provision of a PDS and or CIWSC."*

Is that the same document?

DR YOUNG: It is certainly the same document, generically speaking. But, the most important thing there, that the words that I have quoted  
25 appear there, in the middle of that paragraph that you have just quoted,

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starting with the combat suite and ending with the graceful incremental future upgrading. It seems to be identical.

ADV SIBEKO: And you say, the requirement, as stated therein, was never altered, subsequent to distribution of this document? Not as far  
5 as I know. I, I have seen a, a draft version, through whatever, whatever status it had. I do not know. But, what I do know is, in fact, now I remember, this particular document that I have included here, was, was, as evidence document in the evidence of Rear Admiral Philip Schultz. I read Philip Schultz's, Admiral Schultz's evidence, where he also refers  
10 to the NSR. He says, even today, in 2014, I think, he testified that NSR is still relevant today. That is why he actually was quoting from it. Just, maybe I can, quote honestly, as far as I am aware that this has never been updated or, or would formally change.

ADV SIBEKO: Now, the thrust of your evidence, with regard to the IMS  
15 and the designation of ADS as the South African company, to provide the combat suite. If one follows your evidence, from yesterday, it seems to be that C Square I Square, from the ECD and every other document, that we, that you have referred the Commission to C Square I Square had been nominated to provide the IMS. Would that be a fair summary  
20 of your evidence, up to this point?

DR YOUNG: That is correct, yes.

ADV SIBEKO: Now, as from paragraph 157 of your statement, you deal with further assurances to you. Could you just briefly state what these assurances related to?

25 DR YOUNG: Okay. To put it into context, as I mentioned yesterday,

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by early 1998, we knew that Thomson CSF was making very serious bid to acquire ADS. We have seen that from, from some of the documents that we actually traversed yesterday, there are a number of documents that prove their interest, not only in ADS specifically, but Project Sitron and its Corvette combat suite, in particular, including, as we, I think, I said yesterday, the leadership of ADS and the teletech, they are called TNT. So, there was, at this stage, it was fairly well known in our industry, as well. There were beginnings to be rumblings or momplings of ADS wanting, not only to replace the indigenous combat management system, with its own, but also IMS. I was, of course, at this stage, you know, when there were still meetings going on, regarding the combat suite. There were still communications going on. At one stage, I think, I expressed, in probably a telephone call to, I think, he was then captain, now Rear Admiral Kamerman, my concerns, regarding the exclusion, for want of a better word, de-selection. Because it was certainly my view, at this stage, we are, we are selected. But, be that as it may, for purpose of this particular point, there are no other contenders, at least, sufficiently on the record. Admiral Kamerman assured me that it was the Department of Defence and the Navy's specific intention to retain the entire combat suite, as it existed, at that stage, in the South African industry and our IMS in particular and the system architecture, which circumscribed our IMS, as well. So, at some stage, around about the 26<sup>th</sup> of March, he actually faxed me, he sent me a fax, which includes, I think, the ECD itself. But, as well, and there had been a presentation to a couple of different organisations, one of them was the AMD, which

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stands for Aeronautics and Maritime Defence organisation. It is a kind of industry, official accredited industry organisation, which had been given a presentation, which had basically included extracts from the ECD. So, that is what this particular point is.

- 5 ADV SIBEKO: Now, the facts that you say, you received from Admiral Kamerman, who was captain, at the time, that is the document, you described as DT 1 0193. It is our RMY 27. It appears in file two, at page 344.

DR YOUNG: Okay. I have got the digital version in front of me.

- 10 ADV SIBEKO: In file two, page 344. It, it, Chair and Commissioner Musi, it is the very first page on the, on file two. It is file number two. I, I have hoped it would be placed before you.

CHAIRPERSON: Advocate Sibeko, maybe just proceed. We will get that file later on.

- 15 ADV SIBEKO: Okay.

CHAIRPERSON: We do not have it as yet.

ADV SIBEKO: I am just trying to enquire. My colleagues on the other side do have a file. You, you have the fax in front of you. Is it correct?

DR YOUNG: I do, indeed.

- 20 ADV SIBEKO: Now, could you just take us to the relevant portions of that fax that you had described, in your evidence?

DR YOUNG: Yes. I think, we need to look right at the very top of the page. It is a pity we cannot actually see it, because I think, the image is, is relevant. But, it is indicated as being from SA Navy, although it is

- 25 actually from the Department of Defence, the date being March 26 1998,

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time there [indistinct], the phone number 012, which is a Pretoria number and a phone number 339 4286. From my memory, that is a Department of Defence, or the Navy head quarters number. I am not sure. It is certainly the 339's. Okay. The covering page is a Project  
5 Sitron fax/boodschap to Mr R Young of C Square I Square. In fact, my Cape Town fax number is 021 683 5435. There is also another number. In fact, this seems like the original number, written down here, of 672 4689. I have got absolutely no idea, who that is. It is from Captain JEG Kamerman. It is 33 pages and the comments on the fax page, and I  
10 have to pause for a second here. Unfortunately, by me, showing this document and reading it out, I may be accused of betraying confidences. But, unfortunately, in the circumstances which is now 17 years later, it is probably appropriate, in these proceedings to do so. It says:

15     *"Richard, herewith the info as promised – keep it to yourself that I faxed you directly."*

I am pretty sure there was no real problem in me getting hold of this. Maybe, it was the, it should have come from the statutory acquisition authority, Armscor or the DOD itself and not from the project officer.

20 But, be that as it may. Anyway, the first few pages, I am looking at page 2 and it goes down to, it goes down to, let us see, ja, it seems this whole, whole document, let us say 20, 23 pages [indistinct]. Yes. A, not that easy to yourself, but one can, by cross reference, determine that effectively it is an extract from, from the ECD. Many of the reference  
25 are the same. But, we are going to have to, the second page, in those

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days it was classified, confidential, written by the, the issue, a presentation called, entitled Project Sitron Corvettes for SA Navy, briefing to AMD, 19<sup>th</sup> of March 1998. I will say, I would certainly would have been entitled to see this, because I was almost a founder member  
5 of AMD, back in 1993 or so. So, why I was not invited to this particular function, I am not sure, but I was not. But, I certainly got this later. Effectively, this is an open presentation forum, very much what we have been talking about, mainly today, also during yesterday. This is certainly some confirmation, because I am looking at, the statement is  
10 called facts, page 4. It is also my pdf page 4. Background, I think, I was correct, when I said yesterday, the project was launched in 1993, while they say, approved in 1994 and as we, we talked about briefly yesterday, two rounds of platform tendering. We talked about Sitron round one, or phase one and round two, they talked about that. Then,  
15 their local combat suite development continued in 1995 to 1998 under Project, technology and retention project, following a 1995 deferral of project at political level. So, it is all pretty much [indistinct] of what I said, not that I, I would have, I would have testified, by what I said, from, from reading this, as long as they, right, my evidence preceded this,  
20 this, probably precedes my evidence. Important, under the RFO, you see, there it is referred to as an RFO here, not a RFFO. It is page 4, still, TP that means transparency, in the bottom right hand side. It includes, the RFO is to include an identical combat suite, which is identical for each of the vessels, as specified by Sam, to a specific  
25 budget ceiling cost, provided after extensive costing studies. I will give



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you a, I will give you an opportunity to interject there. So, if you want me to particularly bring up.

ADV SIBEKO: If you turn to the next page, which is, perhaps page 5 of the fax and page 348 of the bundle, under position strategy concept,  
5 there is bullet point 34, which states:

*“Combat suite, mainly sourced from RSA Naval combat system industry.”*

Is that what it is saying?

DR YOUNG: That is correct, yes. It is precisely what is said in the  
10 ECD, as well.

ADV SIBEKO: And if you turn to page 7 of that document, your document, at page 350 of the bundle, it gives a description of the combat suite.

DR YOUNG: Yes. If I may just say, at page 6, I see another relevant  
15 point here ...[intervene]

ADV SIBEKO: Ja ...[intervene]

DR YOUNG: It says, the second bullet point:

*“Combat suite definition, completed September 1998.”*

So, that is still, that is still coming. Alright. Now, you say, we were  
20 coming to page 7 of the [indistinct] points, highlighted here. Ja. I will address them. Under combat suite description, it is talking about 70 per cent locally sourced, by cost. As we know, as we describe, as there were three foreign procured items and they are very, very expensive items. So, even though there are only three of them, they make up,  
25 typically, 30 per cent of the cost. 90 per cent sourced, locally sourced

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items of volume and scope and in terms of that, this is when counted the number of subsystems, probably, say 90 per cent of them are locally sourced and not in terms of value. Okay. The next, two bullet points later, they specifically talk about the three foreign sourced item, being

5 the very expensive Anti-ship missile, worth several hundreds of millions, search radar, worth several hundreds of millions and a sonar, worth nearly a R100 million. The next point down, not the bullet point, but two dash points down, it is talking about TFR, technology retention fund at DRDC that is technology development. It is some acronym of defence

10 research and development, ja, it is understandable, technology projects SUVECS and Garfield. I think, Garfield is more or less the same as Project Diodon. I, I am speculating now, but Diodon might be the Naval subsidiary of Garfield. But, they are technology projects. An interesting bullet point is the last one, where it is also part of the justification, for

15 going local. It certainly has a lot to do with defence industrial participation. But, it is said here:

*“Local combat suite has significant export potential, as an inexpensive system with good capability in the niche, second and third world market. Some subsystems are world class and are invoking*

20 *interest, by major navies.”*

ADV SIBEKO: Now, if you, if I ask you to turn to page 9 of that fax, just to close off on this discussion. It is page 9 and 10 of the fax. You will see that there is integration system in the various columns there. The first column deals with integration system ...[intervene]

25 DR YOUNG: Sorry, interaction segment ...[intervene]

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ADV SIBEKO: Yes.

DR YOUNG: That is correct, with information management system underneath it.

ADV SIBEKO: That is similar to the column that you referred to earlier  
5 in your evidence, this morning. Is that correct?

DR YOUNG: I am pretty sure, the diagram is identical.

ADV SIBEKO: And just on the next page, page 353, your page 10, it says, Navy, SA Navy patrol Corvette combat suite participation. Could you just briefly run through that?

10 DR YOUNG: Well again, whether or not, it gives us exactly the same table. But, again, integration segment, the element is information management system and the element supplier is this, is C Square I Square. Yes. It is on my pdf, page 8, there is also an architecture diagram.

15 ADV SIBEKO: That will be page 351.

DR YOUNG: This, this is a diagram of the combat suite architecture, as it existed at this stage. We are going to come, a little bit later, when ADS proposed various different architectures, and they are designated in slides as well, called CS 1 to CS 7, CS 7 mod one. Obviously they  
20 are only, that annexure exists in a later point of time, as it seems clear to me, at this early point in time, this particular diagram has no designation, at all. So, it was the only one in existence. Although it is pretty hard to read, I will point out that the very thick black horizontal line, with the vertical lines, connecting to various elements, that is a  
25 typological depiction of the IMS. This is actually a, a diagram of the

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combat suite and its architecture, at this stage, connected an integrated use of the IMS.

ADV SIBEKO: I have read ahead of you, in the facts and it does appear that the information contained here, seems to accord with what you have stated, in your evidence and as appearing from the ECD. Is there anything further that you wish to add, with regard to these particular facts?

DR YOUNG: No. I do not think so, at this, at this stage.

ADV SIBEKO: Chair, would this be a convenient time to take the tea adjournment?

CHAIRPERSON: We will adjourn for 20 minutes. Thank you, gentlemen.

**(COMMISSION ADJOURNS)**

**(COMMISSION RESUMES)**

**RICHARD MICHAEL MOBERLEY YOUNG**: (s.u.o.)

ADV SIBEKO: Dr Young, just before we adjourned, you, you were testifying about the facts that you had received from Captain Kamerman, in the context of the further assurances that were made to you. Will you, then, just finalise that discussion in, in the manner that you have set out, at paragraphs 158 and 159 of your statement?

DR YOUNG: Yes. As I have said before, there were a number of interactions from him, mainly telephonic. But, in paragraph 159, I refer to a meeting of the 9<sup>th</sup> of July. I do not think, I have actually annexed as a, the minutes of that meeting, but they do exist. But, there were assurances. I remember attending that meeting myself that an

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indigenous South African combat suite remained part of the project. There were all these encouragements, as there were at, basically every formal three monthly meeting, for the members of the local industry, to continue with what we were doing, in terms of development under

5 Project, whether it was Diodon or SUVECS. The, the message that we got through is, bear with us, guys, when this thing is going to happen, eventually, when it does happen, we assure you, you will be part of it.

ADV SIBEKO: Alright. And you say GFC then, submitted its offer around May of 1998?

10 DR YOUNG: That is correct, yes.

ADV SIBEKO: And in its offer, it set out, it proposed who the contractors were going to be, the primary contractor, with regard to the, the vessel as well as the combat suite. Do you confirm that?

DR YOUNG: Yes. They indicated there, their combat suite supplier

15 as ADS and basically, as I have said, maybe use the words, not of their own volition, because that was, had been indicated in both the ECD and in the, in these requirement specifications.

ADV SIBEKO: As from paragraph 162, you talk about categorisation of contracts. What is the relevance of this?

20 DR YOUNG: Okay. This particular context right now, it is an introduction, to an important issue. I have to say, these categorisations, especially, the differences between b and c, may have formally have come later. They are relevant at that slightly later, at that point in time, to these proceedings. But, certainly what is important and is relevant, at

25 this particular point in time, as I have said before, the preferred supplier

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that had been, that, that was, that resulted out of this process, was the German Frigate Consortium. But, they were only going to do the platform. That was always categorised in category A. Then, the combat suite was going to be done by this group of South African companies, possibly co-led by ADS and that would have been the combat suite. Later, the combat suite got categorised into category B and category C.

ADV SIBEKO: And you say at paragraph 163 that the JPT classified the IMS as a category C subsystem. What, what is the relevance, thereof?

DR YOUNG: Well, before, before ADS re-categorised the IMS, as part B, let me, okay, my, my understanding was that once the categorisation into B and C were, were done, then IMS was considered as a part, as a part C. Therefore, risks were not applicable to it. But, when the whole change of architecture occurred and we will come to a change of architecture occurred the IMS would have actually be more part of the combat management system, rather than the combat suite itself. The, the combat management system, specifically the Thomson TNT one, was definitely categorised as, as a category B. Then, whether directly or by, by results, by inference, the IMS then became category B. Therefore, attract that enormous risk provision, which eventually was the, the cause of our B selection.

ADV SIBEKO: Thank you. Now, as from paragraph 164.4 up to about 171, you discuss ADS and its relationship with Thomson CSF and [indistinct]. Will you just take us through that, just quickly?

DR YOUNG: Yes. Okay. Just, just remember that many of these

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things or these points are coming up here, as relevant to introduce them for, for the context of what is coming up, later, and specifically involving the conflict of interest, which involves [Indistinct] Holdings and then Thomson CSF and ADS and various other things. So, we will, we will, I

5 will get to more detailed discussion of these, these points later. But, by way of introduction, it is necessary, at this point, to put on the record where, where things were and how things later happened. I have mentioned a couple of times, before the, at this point in time, the company that had been called UEC Projects, became Altech Defence

10 Systems (PTY) LTD, with the acronym ADS. Okay. Owned by, owned by ADS. As I have also said before, once Project Sitron and the, I would say the strategic defence packages in general, started getting very serious, certainly from, I think, it is the 23<sup>rd</sup> of September 1997, in terms of the RFI's, Thomson started making all of the moves to acquire Altech

15 Defence Systems, for the very purpose of gaining a work share in the Corvette combat suite. That is the, that is the reason for this particular part of the testimony. So, despite all of the interactions that have been actually going on and I know from the Schabir Shaik trial that these things, these things actually initiated much, much earlier, even in 1992.

20 So, in the 1994 time frame, there things seems to have been initiated, but, but practically, Thomson CSF started acquiring ADS in a particular [indistinct] strategic and that, by that we mean a phased manner or by phased manner, which I mean strategic. They started, by doing it, maybe as, also, probably for two reasons. One, to not overly take too

25 much risk, by acquiring the whole thing, until there was a contract in

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place, but, also, by only acquiring 50 per cent in the beginning, they could effectively say that ADS was still a South African company, even though it was 50 per cent owned by Thomson CSF of France. So, in May 1998, beginning of May, shortly before the submission to the GFC, that would, that was, I think, done the 11<sup>th</sup> of May, but it was rather at the beginning of May, Altech sold 50 per cent of its shares, so that is the equity plus one controlling share to Thomson CSF. Okay. They do not mention a particular date here. There are, there is plenty of documentary record, but it is very laborious, it is unnecessary to burden proceedings with all of it, unless it is necessary. But, the documents I have got refer to the 28<sup>th</sup> of April. I think, that is when the documents were signed, becoming effective, you know, I think, in May, on the 1<sup>st</sup> of May. Okay. By way of introduction, Thomson CSF is a French company, actually at least as a [indistinct] a multi national company. But, certainly, they originated in France. At the beginning years, most of it was actually owned by the, the French government. There has been, but when France joined the European Union, the European Union forced government owned companies to divest themselves of their government ownership. So, there is private ownership, as well, in Thomson CSF, these days. A person, whose name will come up in these proceedings, as he has, in other proceedings, criminal proceedings is, was, as I said the, the delegate of Thomson CSF Southern African. Then, he transferred, to become the CEO of ADS. Quite what exact the reason is, but there are two South African incarnations of Thomson. One is called Thomson CSF holdings in Southern Africa, not South Africa (PTY)



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LTD. There is also Thomson CSF (PTY) LTD and one of them became the official equity holder of, of ADS. Not directly, because at the beginning, the, the shares were transferred to Thomson CSF of France and it is called S.A. which stands for society anonym and then they got transferred back to the South African company. It is in that company, in which Nkobi Investments and later, there is a group called Nkobi Holdings. It got its effective share holding in, in ADS via, via these companies. I am showing here, this is going back in memory now, 10 per cent of the shares in Thomson CSF Holdings (PTY) LTD and 30 per cent in Thomson CSF. Oh. Just by the way, these companies are, changed their names to Thint. I am not quite sure what they are called now. I do not think they are called Thint anymore. Okay. Importantly, at my paragraph 168, the, the original relevant company in the [indistinct] was called Nkobi Investments. But, later, a company called Nkobi Holdings was, was formed and it was the holding company of lots of different relevant subsidiary companies, when I say relevant, not so much in these proceedings, but in the greater scheme of things. There, there were a lot, about half a dozen companies there, involved in the Armsdeal section. Anyway Nkobi Holdings was directly controlled by Schabir Shaik. He also became a director of Thomson CSF SA (PTY) LTD from the date of its incorporation, way back in July 1996. He held that position, certainly in the relevant period of these, these proceedings until he was convicted of corruption and fraud and by virtue of that, had to give up his directorships and in fact, even his equity in both ADS and Thomson CSF. I am saying here, at paragraph 160, the idea would be

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to, for Thomson CSF to acquire the initial shareholding and 50 per cent in the controlling interest, up front, basically to put itself in a position to be able to, to get the Corvette combat suite contract. But, eventually what happened is that a, more or less a year later, it was in March 1999, it, it acquired the balance of the share, if I say it was in March, it was in February 1999 Thomson CSF acquired the balance of the shareholding of ADS from Altech LTD. Then, as I said Thomson CSF held the whole lot originally and then they transferred 80 per cent of the shares in ADS, transferred and the actual Nkobi share holding in ADS was not 100 per cent direct. It was indirect, via Nkobi Holdings and then Thomson. Then, they owned an effective, I think, 20, 20 per cent, 20 per cent of ADS.

ADV SIBEKO: Now, after that discussion you have presented, regarding the relationship between Nkobi Holdings, ADS and Thomson CSF, you deal with the evaluation bids, in particular the, the one, dealing with the GFC bid, as from 172 to about 181. Can you just take us through that in respect to it?

DR YOUNG: Okay. If I may, as I have just, there was one last phrase of the preceding paragraph, which actually is relevant. I see I am now, in 172, I am referring to Shamim Shaik, the brother of Schabir and we are also going to be talking about conflict of interest. Once Nkobi Holdings became an effective, albeit indirect equity holder of ADS, Schabir Shaik was appointed as a, an alternate director of ADS. But, certainly, there is one of the legs of the, these declared conflict of interest with, with this ownership. Okay. We are going up to the theme,

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entitled evaluation of bids. By way of introduction, Chippy, we call him Chippy, not Shamim, from now on, in 1995, the very, very early stage, joined the DOD and was involved in various of its activities, which proceeded the strategic defence packages. As you know we, here we

5 say, we discuss the defence review and one of its outputs, which led to the SDP's was its so-called force design, which, it formed as to what was to be purchased, including these, these frigates or patrol Corvettes. In May 1998, Chippy Shaik was appointed as the Department of Defence's Chief of Acquisition. It is my understanding that he had been

10 designated to take over this point, at a significantly earlier point in time. In terms of official responsibilities, kind of, I would say, in my view, government idea of kind of fiduciary responsibilities. He was the fund manager of the special defence account, from which these SDP's, through the Corvette Project Sitron were funded.

15 ADV SIBEKO: Now, Dr Young, there are colleagues at the back of the auditorium, who say they are finding it difficult to follow the evidence, because you are speaking softly. Could I just ask you to raise your voice please?

DR YOUNG: Okay. I think it was actually, the mike was a bit further

20 away than it should have been. Anything you would like me to repeat there? Or should I carry on with the ...[intervene]

ADV SIBEKO: I am sure you can carry on, Dr Young, [indistinct].

DR YOUNG: Okay. Okay. We talked about the GFC's closing offer, in response to the request for final offer [indistinct] in middle of May

25 1998. Once all of the offers, then, I think at this stage, we are talking

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about offers from four, four short listed companies. They were first considered by a joint Department of Defence project team, Department of Defence and Armscor team. Maybe not officially at this stage, they certainly were a joint project team with a small j, they later, maybe later

5 became officially the joint project team. There certainly was a joint, a joint team. In those early days, prior to the, the selection of the preferred suppliers, which happened in, in September of 1998, the body, which considered the recommendation of the project teams was one, finally called the Strategic Offers Committee. It was preceded in some

10 of the documents and some of the previous witnesses talk about a management committee and the, or the IOMC, I think it is, International Officers Management Committee. But, in my documents, I refer to it as, as SOFCOM. The joint project team was led, at that stage, by then, Captain Kamerman. At this particular stage, at least it did not exist, but

15 Shaik was the chairperson. I actually think I made a typo here. The chair should have actually been the co-chairperson of, of SOFCOM, which is relevant for the moment.

ADV SIBEKO: You, you further mentioned that the GFC failed to meet the DOD requirements, with regard to the DIP issues. Can you just take

20 us through that?

DR YOUNG: Yes. We are going to come to that, into a bit more detail. But, it is to suffice at this stage, at this, this early stage, it is more or less the second round of the RFI stage, there were non-negotiable, pre-qualifiers to make the next round and one of them was involving this

25 minimum DIP participation requirements. The GFC who eventually won

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this whole project, or at least, the platform part of it, should have actually, strictly speaking, at least, according to Armscor's own legal opinion that it received, from its legal division that the GFC should actually have been excluded, on this basis, at this stage.

- 5 ADV SIBEKO: We do know, despite that failure to comply with the minimum requirements, the DIP requirements and it proceeded to be qualified and was eventually awarded the contract.

DR YOUNG: That is correct, yes.

- ADV SIBEKO: In paragraph 181, you refer to an approval given on the  
10 basis of an amount, the total cost of the programme. Can you comment on that?

- DR YOUNG: Yes. It becomes very significant here, for evidence that I am going to lead a little later on. At this stage, the, the government effectively selected the German Frigate Consortium's Meko 20 AS  
15 frigate and of course, there was still another year to go, before contracts, a bit more than a year, for contracts to be finally placed, after a year's, of negotiation failures. But, when the government, the Cabinet declared the GFC as the preferred supplier, it was done on the basis of a ceiling price, for the entire contract, which was as close as dammit, in  
20 round figures R6 billion. For some reason, it is R6.001 billion and the Corvette combat suite component of that, making up the R1.4 billion, in April 1998 prices. We, we traversed that in the ECD, minimum costing and description. There are documentary records. When I start doing my price calculations, I work on a round, a better price of that R1.47  
25 billion for the combat suite, could justify the, the, equated to R1.9 billion

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in December 1998. We actually saw, I saw evidence of that in ADS's own documents, their internal memorandum, where they declared that there were no unacceptable risks. They referred to a price of R1.885 billion, which is as close as dammit to R1.9 billion. I say I worked that out independently.

COMMISSIONER MUSI: Can I, can I just interrupt? Paragraph 177, what is the basis for this information that the German Frigate Consortium bid failed to meet the minimum DIP requirement? Is there any documentary basis for that?

DR YOUNG: Yes. There are actually two things of which I am aware. The most import of, of which is a very comprehensive document, which I, myself and my evidence leaders have considered as being an on the record document. That is the, the JIT's final report. We did not want to belabour the proceedings with a 384 page report that, at least, we hope that is before the Commission. That issue is fairly well dealt with, in that document. Of course, another document, okay, I certainly refer to that document, including by, by its name in my witness statement. Another document, which I do attach, as a, as a document, in my evidence bundle is the predecessor of the final court, which is the draft JIT report, all, I think, 801 pages of it. But, that is unfortunately, being copied ...[intervene]

COMMISSIONER MUSI: I cannot hear clearly. I cannot hear.

DR YOUNG: Okay. Was I asked just to, just to speak more into the mike, or just, just stop talking?

ADV SIBEKO: Just speak up.

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DR YOUNG: To speak up. Okay. So, I have talked about the final JIT report, as well as the draft JIT report, which has been tendered, as part of my submission. As far as I can remember, it is dealt with in that. I have also referred to here, as Armscor being advised, by its legal division. I will, I will, from my own memory, in my particulars of claim, which I talk to you yesterday, my, which was obviously drawn up by my legal team, that refer to that document, being in our possession. So, I am sure it exists, except, for the purposes of these proceedings, I was not able to find that, but certainly, as far as I am, in my view that the judge in his final report, it is sufficient to, to prove this particular point.

COMMISSIONER MUSI: I still do not understand. The legal advice document, do you have it?

DR YOUNG: As I have just said, my particulars of claim, drawn up by my senior council in 2003, refer to Armscor, was advised by its legal division and there were in brackets, we, we have a copy of this, of this opinion. I am unaware, I personally, at this stage, 12 years later, I am unaware of where it is and I have not had time to look for it. I have not bothered, because I did not think it was necessary, because it is adequately addressed by the JIT final report.

COMMISSIONER MUSI: Thank you.

ADV SIBEKO: Commissioner Musi, perhaps it would be of some assistance, if I may point, or direct your attention to the evidence that was presented, before the Commission, by an official, who dealt with the DIP evaluation, that was Mr Barry De Beer. His evidence appears or, with regard to this issue, appears in the transcripts as from page 4630,

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right to about 4669. That is, that is where the discussion about the GFC evaluation bid and its failure to meet with the DOD's minimum defence industrial participation requirements is dealt with, together with an opinion that was prepared by, I think it was Mr Piyega from Armscor,  
5 regarding the issue.

CHAIRPERSON: Thank you. Then, I just want a bit of an explanation, as far as 178, paragraph 178 of Mr Young's statement is concerned, where he says that SOFCOM selected the GFC. I am not quite sure, what does he mean, when he says that SOFCOM selected GFC. Can  
10 he give us some more clarity on that issue?

DR YOUNG: Okay. We, it is my understanding that the joint project team did the evaluation of the four different countries, actually five different frigate contenders and there is a report that is on the record, of these proceedings. I refer to it, as well. That report, which actually  
15 recommended the Spanish, the Spanish for that. But, that report went to the effective next higher level, which was the Strategic Offers Committee. The Strategic Offers Committee not only considered things like military value and, but also considered thing like defence industrial participation and national industry participation. It was the Strategic  
20 Offers Committee that used the famous formulae, the best value formulae, the dividing one and the additive one and from that exercise, done at the SOFCOM level, they determined that the GFC's one bid for the Meko 200 AS was the best, the best value. They, they made that determination and in the greater scheme of things, they had to make  
25 that recommendation to the next, relevant high body, which I think, it



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says the AAC. I have not referred to minutes, of the 13<sup>th</sup> of July. But, that is my understanding is that was when the AAC adopted SOFCOM's recommendation, regarding the preferred supplier of the Corvettes.

CHAIRPERSON: Okay. Thank you.

- 5 ADV SIBEKO: Alright. Having dealt with the evaluation of the GFC bid, amongst others and its recommendation and award, you then deal with issues, relating to the user requirement specification, regarding the combat suite, as from paragraph 182. Could you take us through that?

DR YOUNG: Okay. In the context, it is probably fairly relevant to  
10 point out that that date that I have mentioned there, the 10<sup>th</sup> of December 1998, is actually very late, in the day for a project that had actually started in 1993 and then, round two in, in September 1997. There was very good reason for that. It is because, as I have said before, the Corvette combat suite had a, was really in full scale  
15 development and an extremely mature base line, for that combat suite. That base line consisted of a, what we call a requirements base line. It is what the Navy and Armscor wanted and a functional base line and what was actually going to be implemented. These were documents that were, were, had been written, as a team effort, by the industry,  
20 under the kind of secretarial endeavours or efforts of the co-ordinating body, African, or some other African at that stage, Altech Defence Systems. They were called the functional specification and there was a compelling document, called the system design document. But they were, they were written, I want to say, edited, in editorial function, rather,  
25 being changed by ADS and I think, they even might have had ADS logos

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on them. It was considered inappropriate that the company's specification should be actually designated, as part of the, whether this, one would call it the negotiation base line or the functional base line or [indistinct]. So, at a very late stage, I think it must have been in that  
5 quarter or the quarter before, we are still talking about the same mid 1998, up until this stage. The Navy then, basically wrote themselves, of course, using a lot of, a lot of input from all the companies involved, the contributors, they wrote a very important document, called the SA Navy patrol Corvette combat suite requirement specifications, the DRS, which  
10 is based on the combat suite and provided this to the GFC, with the GFC having been declared a preferred supplier for the entire combat vessel. Their sub-supplier at this stage being ADS, so they would then negotiate with ADS, based on the requirements issued, by the Department of Defence. That is, that is the import of the URS.

15 ADV SIBEKO: The Corvette combat suite user requirement, or actually common specification that you are referring to, is it the document DT 1 0315 on your statement, which is RMY 28?

DR YOUNG: That is correct, yes.

ADV SIBEKO: Now, RMY 28 is in file two. It starts at page 365. Now,  
20 before I take you to specific passages in this document, RMY 28, the combat suite requirement specification, is there any passage that you would like to make reference to, which is relevant to what you are building up to?

DR YOUNG: Maybe there is, let us say a long document. It is 269  
25 pages. I do have a certain [indistinct]. Sorry. It is a long document, it is

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269 pages. I certainly would not, it is a very important document. A lot of the contents are important and quite a lot of them are relevant to this issue today. But, I am not very intent to go and cherry picking here. I will restrict myself to the, firstly, to the bookmarks that I have indicated here, as being important and relevant. Then, also, the, some that are, that are, come from memory. A very important part of my evidence that I have all these documents to jog my own memory, I cannot actually remember the content of all of them. Okay. I have [indistinct] paragraph 1.3, which is pdf page 13. So, it will be probably the 13<sup>th</sup> page in your, in your bundle.

ADV SIBEKO: That would be page 377.

DR YOUNG: Let us start at the top, 1.3 document aim. I just want you, just such a, unfortunately, it is a long sentence. But, I will read it:

*"The document aim, the primary aim of this document is to describe in short the Corvette combat suite performance, design, logistic and associated hardware elements. Required [indistinct] required by the SA Navy, including budgetary allocations."*

There are appendixes here, where they include money relating to the allocations of these hardware elements that are acceptable to the SAN.

So, if the Navy were to establish a base line for the acquisition of four patrol Corvette vessels and associated logistics sought by the Navy, this would, and the base line then comes up, this, this document is obviously an important part of the requirements base line. It would, by establishing a base line, then obviously, this were to in view to establishing a, a contract base line, but based on this requirements base

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line.

ADV SIBEKO: Is that the bookmark you want to [indistinct]?

DR YOUNG: I just me some time to gather my own wits. We took, with the element costing ECD document, we talked about, I think, before  
5 tea we talked about integration segment and the IMS, being part of it. Okay. Here we have the IMS, described in far more detail. This is marked pdf page 114. It is document, the document itself is page, also on 114.

ADV SIBEKO: Chair, it is page 178 of the bundle.

10 DR YOUNG: Maybe, at this point, it is relevant to, to say, to note that I was asked and I replied, with relevance to the Naval staff requirement. My understanding is that that document, although it was drawn up years ago, is still, it is still the base line document today, for this project. My understanding is, is that this document is still the base line document for  
15 this project, unaware of it being formally changed, to reflect anything else. Anyway, under paragraph 7.1, there, it is entitled, if you make an [indistinct] it starts off with the function and description and what is important to, for me to show is that the IMS, to which we had been referring and to which I will carry on referring, is the IMS from CCII  
20 Systems. It is certainly not the one referred to, in a document by the company Detexis, which we will come to. Anyway, what, IMS should do is to interface all of the combat suite, that is the, all of the combat suite, the combat suite and not the combat management system. All the segments, you shall remember that the combat management, at best is  
25 a segment, in fact, it is only a part of the segment. It is a part of the

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commander control segment, via a local area network, derived from the Safenet standard, nil standard, the official number of it is nil standard, due to 04A, the A designated actually, Safenet 2. Safenet meaning, as I have said before, survivable adaptable fibre optical embedded network, with Safenet 2 specifying, stipulating the FDDI technology. It goes on to say that IMS should be based on the alternate path FDDI, AP FDDI, to [indistinct] as defined in the Safenet standard, referred to a figure below and there is a figure below. I do not want to belabour ...[intervene]

ADV SIBEKO: Is that the figure at page, your page 116 and our page 480?

DR YOUNG: Precisely. This figure affectively describes the IMS only and a way into connection there is a depiction of not only the elected bus typology, or LAN technology. But, that is what they call the alternate path. What they mean by alternate path is there are many different routes for the information to flow from beginning mode to end mode, even if there is, intermediate ones have been, are no longer in existence, due to battle damage. So, there are very good reasons for choosing this typology. I do not think we need to belabour ...[intervene]

ADV SIBEKO: Ja ...[intervene]

DR YOUNG: The proceedings with all the technical, the very technical details. We will come back to it very, very briefly, when there is an analysis of what the IMS would do, compared to the Detexis done at [indistinct] data bus and a couple of these things are relevant in the context of one being able to do them here and the other one not being able to do.

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ADV SIBEKO: Ja. Now, where you discussed the URS statements and specifications in paragraph 184, these are contained in your next document, DT 1 0361, which is our RMY 29. Do you see that? And, and these are basically the technical aspects that you say, you will deal  
5 with later, in your evidence.

DR YOUNG: Yes. That is correct.

ADV SIBEKO: Alright. May I just point out, Chair, that RMY 29 is located in file three. We will deal with that in the formats of time, as indicated by Dr Young.

10 DR YOUNG: Okay. And then, now, we do have two different versions. But, I think, I will decide to point out certainly, referring to my bookmarks here, that other, we, were are moving on to, from the technical parts, but from the non-technical part, as I did mention earlier, there is an appendix to this document. They go down to appendix J's and K's and  
15 L's and all that kind of stuff and certainly, some of the versions of this document, I received and that I had, all of those, those appendixes at the end. But, what I want to point out is that, whereas the ECD had referred to the IMS and its supplier, C Square I Square, as the nominated or selected subcontractor, by this stage, the same selections  
20 were made. They are identified in one of the appendixes, J or K or whatever, not as nominated contracts, but as candidate suppliers. But, important that there are no other candidates, in fact, I think, I can remember in my mind's eye, is there are also contact details, of the suppliers. There are the contact details and the indication of the  
25 supplier as C Square I Square and there are, are no other candidates

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identified.

ADV SIBEKO: You say that, in the documents, provided to you the appendixes did not have the information.

DR YOUNG: No. I said, we, we received various versions. In fact, 5 the one that we have just gone on, we are going onto now was, ja, if you can see, in my own handwriting, the very, very top page, it was supplied by ADS. So, the first, the very first version was the previous one. But, once we start getting to the nitty gritty of, of ADS asking us for quotes, they are asking us to quote. So, they supplied us this version, with 10 some pages missing and although, there is a, there is an index, which, from what I can remember, it does refer to. Then, I do not think that the initial versions of these, including this one, the annexures themselves, were provided. But, later, under [indistinct] a document was, a version of this document was furnished to us and I can remember from there, 15 there were, the contents of these annexures, I think, I think, the first versions had the covering page of the annexure, but not the actual, the contents themselves. But, I can remember specifically three things, one, the identification of the IMS. One, the identification of the supplier, being C Square I Square, the other one, being the contact details and 20 the last one, the, the, and this one, I cannot remember actually. My mind, it does not [indistinct] to me, but there are indications of what actually really results from the government itself, that there are indications of, of budget allocations, as well, in one of the, the appendixes.

25 ADV SIBEKO: But, just to make that point, if I may refer you to that

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very document, RMY 29, this would be the combat suite requirements, the, the second issue. Chair, that you will find in file three, it is the very first page.

COMMISSIONER MUSI: So now, three?

5 ADV SIBEKO: Yes. It is page 634, file three. Now, once you have found that document, RMY 29 in file three. It starts at page 634, can, can I then ask you to page, to turn to page, Dr Young, it will be 245 on your document. On our document, it is page 875.

DR YOUNG: May I just confirm, we are talking about the first issue, or  
10 the second issue, at this stage?

ADV SIBEKO: It was the second issue. That would be the 10<sup>th</sup> of December 1998. Is that correct? It is dated, sorry, I beg your pardon, 5 March 1999. On your document it would be DT 1 0361. Do you have that document?

15 DR YOUNG: No. I, I have actually, it seems as if I have got both. Well, actually, I am not sure, because on the front pages it says, date original issue 10<sup>th</sup> of December. The one that you refer to, is that the one, the one, you now indicate, as being supplied by ADS?

ADV SIBEKO: That is correct. That is correct.

20 DR YOUNG: Okay. That is 29 [indistinct].

ADV SIBEKO: Ja.

DR YOUNG: Okay. I have just opened, I just to opened them up. It is 250 pages long and you want me to go to page, your page?

ADV SIBEKO: 87, it is my page, it is my page 875, your page 245.

25 You will find it is appendix I, a list of candidate suppliers.



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DR YOUNG: Yes, more or less, precisely. Appendix I is list of candidate suppliers and actually, this particular version, it says this page intentionally left blank. Information pack overleaf.

ADV SIBEKO: Were you ever supplied with that information pack that  
5 is supposed to be overleaf?

DR YOUNG: Certainly not in its, in its entirety. I think I have seen this type of page, where there is a one page, with C Square I Square. It is the contact details, the address and telephone numbers.

ADV SIBEKO: Now, is there something you want to add?

10 DR YOUNG: Yes. And the same, more or less, yes, and the same more or less applies at appendix J, which is element costing. This, I do not think I have ever seen, it, it, in this incarnation. There is another spreadsheet, which I think, came out of an almost identical exercise, ag, maybe next phase, there is a multi, multi page spreadsheet. But, there  
15 is clearly an information pack overleaf, under the heading of appendix J, which has got the element costing.

ADV SIBEKO: Now, having gone through these two documents, this will bring us to your discussion, at paragraph 191 of your statement, relating to change in architecture. Would you like to take us through  
20 that?

DR YOUNG: Yes. We have traversed a little before, when I talked about Thomson CSF and one of its subsidiary companies called Detexis, which was initially owned by Thomson, but became owned by Thomson, I think, 100 per cent, during this, this period, at least. But,  
25 Thomson was a, or at least, it is one division, so they are a very big

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defence company and one of its divisions is called CNCS, Central Naval Combat Systems, and it had a product, called Tavitac, yes, they, it was referred to in a French document, called TNT, it is standing for Tavitac NT. Anyway, it had a Tavitac combat management system and that is

5 what I have said, was the reasoning behind Thomson, wanting to require ADS. To be able to sell its, not only its combat management system, but many of its other related products, to go into a combat suite, a larger combat management system can be considered as a level three system, or subsystem. The biggest system is a level four combat suite.

10 As I have said that Detexis was, became a company in the group. It had developed a thing that they called the dire search zone. I am not quite sure what dire search zone means, but it is a data bus that they had fielded a previous incarnation of it, on a, on a French aircraft carrier. So, they were keen to sell that same thing, although, by the time, it was

15 fundamentally different, to what they fielded on, on our four frigates. As I have said, Thomson CSF required the share holding for this specific goal, the share holding in ADS, in order to, to sur-plant the indigenous combat management system, consisting of the AIS and the WCS or WCU. By virtue thereof, displace the information management system,

20 as I said earlier. Effectively the subsystem, the combat management system, it connects to the rest of the combat suite. So, although it could have been architect to, it would still require the IMS. It certainly would have complicated things and, for them. So, effectively, it was a opportunity to dispense with the IMS completely, both as a subsystem

25 and as the binding element of the integration of the entire combat suite.

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ADV SIBEKO: Did this Tavitec CMS comply with the URS that you had, you have referred to, in your evidence?

DR YOUNG: That is something I cannot say that I have considered in great depth, very recently. So, I will talk from memory. I think that the, 5 the Tavitec CMS, based on Tavitec ENT, but re-engineered, under Project Sitron, specifically for South African Navy, from translation from French into English and those things, it is actually an extremely comprehensive system. So, I cannot think of, technically, of where the Tavitec CMS might have been deficient. But, it is more like the opposite 10 side of the coin, is that the, the Tavitec NTN that cost them R353 million, whereas the AIS and WCS was meant to cost about R96 million. So, I do know that it is a, it again, in my own view, as an expert is that the combat management system, based on the Tavitec NT is probably a bit more, than was required, by the South African Navy, for this particular 15 [indistinct].

ADV SIBEKO: Now, in, in terms of the architecture that was specified in the URS, how did it compare?

DR YOUNG: Well, where the URS existed, in, through its, both, both of these versions, it only referred to a combat management system and 20 the IMS. So, the URS itself is always incorrect, as far as I know. As far as I know, it has not been changed. But, actually, what did happen was once ADS started bidding, exclusively, to supply the combat suite and especially, when it was going to be changing the congruent elements, including the AIS and WCU and IMS, it worked its own specification, 25 more or less as a kind of a daughter to the URS. In terms of it, they got

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the, the negotiations and the functional base line, the URS basically was, to all the intents and purposes superseded. So, the, what actually basically happened was never a diversion so much from the URS, but it conformed with what was called the SSS, which is the ADS document, it is on, with some ADS stationery, it is certainly with the ADS logo on it. The new architecture and the inclusion of it, the Tavitec combat management system conformed to that. But, where the, the differences are, is that the SSS, if I may call it then, is not congruent with the URS.

ADV SIBEKO: And was the Tavitec then offered, as an alternative, to what was required, or specified in the URS?

DR YOUNG: It was never really offered as an alternative, not in my view. I am not saying that my view is 100 comma zero per cent. My view is restricted by the documents that I have seen. But, what I have seen is explanations in Project Control Board meetings, presentations done to the Project Control Board and to the Naval Board of why the prices increased from R90 million, or R96 million for the indigenous AIS and WCU to the Thomson, Tavitec NT. So, it is not as though it, okay, that there was, that they were offered as alternatives. It was offered, it would have, it was not offered. It was selected or designated, by the DOD, at the beginning, I am talking about the AIS and the WCU and that is on the, on the record that we have seen. But, by the time ADS and Thomson, it came to an offer, what they were offering, it did not include the original one. So, they only included the, the French version.

ADV SIBEKO: At 196 of your statement, you refer to alternatives that were offered, by ADS at a meeting that was held in Mount Edgecombe.

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Could you just take, take us through that?

DR YOUNG: Yes. Maybe to put it into context, yesterday we referred to the French facts from Olivia Hosea and where he refers to his [indistinct] CS and wanting his information after Thomson's presentation

5 to the chiefs of staff. Anyway, my understanding of it is that, at the presentation was done, probably the day or the night before, this particular meeting, held in July 1998. Unfortunately, for some reason, I have not included that document, as a relevant document. I think, I am pretty sure it is in the discovery schedule. But, I have not referred to it

10 as a, as a hyperlink here. But, then, it, here is a particular date and it is a minuted meeting. I, I remember that meeting extremely well, because if I have to say that my travail was when the Armsdeal started at a particular point in time, this is the point in time. This is the point in time, this exact point in time, where I got the first idea that things were not

15 going right and would not be, in fact, we might have got it the night before, when one of ADS's employees told us that something big was going to happen tomorrow. He told us, one of my colleagues, later in the pub, in Mount Edgecombe. That is a very famous place. I think, [Indistinct] Rocks hotel was very near there. So, anyway, there was, this

20 is etched sufficiently deep in my memory. I was at this meeting, which was one of the regular three month Project Sitron combat suite meetings, they, they call it the TC, the Technical Committee meeting, a formal meeting. Normally, these things happened over, at least, two days. I cannot remember whether this happened on the second day, or

25 it was only one day. But, anyway, quite strangely, at the, at the very

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beginning of the meeting, kind of what we talk about housekeeping issues, under housekeeping issues it was announced, I cannot remember it very nicely, I had a, in order, the Chairman was Fritz Nortjè of Armscor [indistinct]. But, be that may, it is that the meeting was going

5 to end at two o'clock that day and thereafter, it would adjourn, into a presentation, by ADS on the new architectures that would be, that it was proposing, in the context of its new, at that stage, 50 per cent ownership by Thomson. As we know, 50 per cent plus one share had been formally acquired by Thomson, of ADS in May 1998, which preceded

10 this stage of July. I was told that there was a big delegation from France. Who did, who would be at this meeting and they had met these head hotshots the previous day. So, it, anyway, I am pretty sure it is the same, the same period of time. But, certainly, what I remember is, during these presentations, by ADS, starting at two o'clock in the

15 afternoon, which of course, is not on the minutes of this meeting. It is referred to, but it is not minuted, because it was just a presentation. They presented new combat suite architectures. They handed out a whole bunch of diagrams, indicate, they are from CS 1, CS stands for combat suite, CS, combat suite architecture one to seven. There were

20 not actually sufficient copies to go around. I do remember seeing colour copies and I have got a couple of colour copies, which I got later in the stage. But, I, I have, in my, there, what I call CS 1 to CS 7, I have not got all of them, because I have never actually, to this day, been able to get hold of all of them. But, be that as it may, as I said here, CS 1 is the

25 base line architecture. When I said base line, by the URS and we

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looked at that diagram, I think, it was at, at certainly, the eighth presentation to, to AMD, which I think, also comes out of the ECD. That was the base line architecture and I described that very first horizontal thick black line that is the bus, the thick black line that is the bus, with the vertical things coming off it. That is typically a bus, at least, functionally is what the IMS provides. That was depicted in CS 1. Then they, then they proceeded to work through another six architectures. Some of them, and we, we can open this, but they are completely in miss of the IMS, in its entirety. Basically, it is replacing it with the, the Tavitec combat management system and the way that it interconnected to the rest of the combat suite. Then, and this is an unfortunately, a very complicated technical thing now. I am trying to speak in layman's terms as well. But, there were, there were very specific requirements, to have very high speed special data and that required, at least, a consideration of specific architecture.

ADV SIBEKO: I understand, this is a very technically, technical subject, you are talking about now. But, if I may request you to go to your document, CS 1 to CS 7 at the end of paragraph 196 of your statement, it is our RMY 30 document.

DR YOUNG: Yes. I have got that open, thank you.

ADV SIBEKO: That starts at page 883 of bundle three. Would, would that assist in your narration of what transpired at the meeting, with regard to the change in the architecture?

DR YOUNG: It certainly will, if I can just gather my own wits about them. Okay. I have to get the numbers, because things are very small.

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I want to start, by pointing out, in the very bottom right hand side, there is a reference to CS 1 A, the very bottom right hand side, right in the corner. Okay. Anyway that is a, this is not actually a, I mean, it was presented as a slide. Of course, there were colour, colour, paper copies handed out, which I never got one. Otherwise, I would have kept it. But, anyway, I am just going to review specific, my, one can see lots of thick black lines. Effectively, that is the data bus. As you can see, it goes all around the whole system. It connects more or less everything to everything, although not necessarily good, but there, there we can see the IMS, which is the base line architecture. Where the IMS gives the, is not part of the combat management system. It is an independent system, conforming to all the, in other words, statements like, basically, the, the distributed architecture and those kind of things. So, anyway, that is, that is the base line architecture. Let me change this slightly. We change now, then, to page, it is CS 2, CS 2 ...[intervene]

ADV SIBEKO: Would that be the next page?

DR YOUNG: That is ...[intervene]

ADV SIBEKO: That is the next page?

DR YOUNG: That is in my next page, yes. There is also, right down on the bottom, right hand corner CS 2.

ADV SIBEKO: And that is page 884. Yes. So, these pages basically, refer to the alternatives that were ...[intervene]

DR YOUNG: Ja ...[intervene]

ADV SIBEKO: Presented there.

DR YOUNG: Exactly, ja, but why I made this one important, you can



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see that the residue, maybe I mark this, actually not. I think, CS 2, even though it has got a thick black line, my, my version is in, in colour. But, I think, that that is the, what we call the CMS bus. Because it is connected to all, with, with, mine is brown, but your, it will look like, I am  
5 sure for you, as little boxes that state SIFU. Can you see those boxes, connected to the thick black line?

ADV SIBEKO: What is written there?

DR YOUNG: SIFU.

ADV SIBEKO: Yes. I can.

10 DR YOUNG: Okay. That stands for, that stands for system interface unit and it was a fundamental block of the architecture and implementation, adopted by ADS and Thomson. I can see, in green lines, that is sort of in the middle of your page and why this is important, that there is, there is a reason. Let us see if I can, anyway, there are  
15 lots of green lines in the middle of this document. But, they are not, they are an indication, you, let me put this on the record, of what we call point to point connections, or hardwire connections. What is so fundamental about that as we will traverse a little bit further is that the Navy and Armscor specifically advised, formally advised that a hard wire solution  
20 was not allowed and that these are the graphical indications of hard wire. It is also divergent from the local area based typology and distributed architecture based typology is point to point connections. Here we can see, unfortunately, I am not going to try and take them through. If it was in colour, it would be easier to take them to the colour.  
25 But, there are both hard wired connections and point to point

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connections. So, this typology, effectively, would be divergent from the base line and stipulated requirement.

ADV SIBEKO: As you recall, what was finally concluded at that meeting, regarding the Tavitec or IMS?

- 5 DR YOUNG: Sorry, is your question that what was finally concluded? Okay. There were no decisions made there. But, the, the follow up to this, were two meetings and met, effectively of the same group of people. But, there were no, no longer Project SUVECS typical committee meetings, formalised meetings. They became, what they call
- 10 design reviews. What was decided was that no decisions would be made, except that ADS would distribute as much information about these various proposals of theirs. Quite, while we never got copies of all CS, 1 to CS 7, I do not know. There will be, there were two design reviews. In fact, these were not even checked by Armscor. The one
- 15 was, I think, the one or the other, I think, they might be both chaired by Lieutenant Commander Ian Egan-Fowler, who was the project engineer. But, they are, they are on the record. They are discovered, of the discovered documents, as well. I do not, I probably thought, at the time, it was much easier to traverse in great detail, rather just explain. But,
- 20 each party, well, first of all, ADS was instructed to provide the necessary information and the justification for the change. Then, each party was obligated, in terms of a kind of a report, to respond to those, in terms of what it meant to their system. What it meant, in terms of costs, risks, et cetera. Certainly, at, at one of the meetings, a small modification of the
- 25 final of the CS, CS sevens was decided upon. You can see that later in

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the documents, whereby the basic IMS architecture was retained. But, to give, to reduce the so-called notion of a contractual risk, whereby we were doing the IMS and other subsystems were using it. But where, effectively, if it had been used as it should have been, you would have

5 taken the combat, the combat management system and, and, what do you call it, legally speaking, disassembled it into parts and reconstituted it, not using their own connectivity method, which could have been the detective data bus, but our own. So, now we are using our bus and our software and our technology, to put their, not combat suite together, their

10 combat management system together. That is the technical underpinning of the risk that then got copulated, not technical risk, but so-called business risk. Why must I have, in my existing Tavitec, a combat management system, which is, I can show you, work on the French, nothing in frigate and now, for the South African one, I must

15 break it apart and put it together with, with my glue and not their own glue. So, to circumvent that, we came up with CS 7 mod one, where there would be two buses, connected together, by people in, who know about IT, who know about gateways and routers and where. It is a box that connects these offices with those ones, across the road. But still,

20 there is still one network. That is what CS 7 mod one does. This was the happy medium. Everybody was prepared to accept it. We were quite prepared to accept it, because it did not really diverge from any of the principals of the IMS. In fact, it then went back to one of my own principals, right from my RINA and MSC days, where I actually proposed

25 a figured architecture, for precisely that reason. A figured

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architecture gives independence in each of the federal states, being the substances. But, Armscor, in fact, primarily insisted on one single IMS, because it is easier to manage, it is more elegant, but whatever. But, CS 7 mod one effectively defined two federal states, one the CMS and  
5 one, the rest of the combat suite, with a government of national unity together, being a bridged interface unit. You will see, from now on, for the next three or four months of negotiations between ADS and ourselves, all the request for offer they give to us and our responses, are all based on combat suite seven, mod one. So, that had been the  
10 agreement, in principal, of how to solve this issue of contractual risk, or management risk, or responsibility risk.

ADV SIBEKO: The CMS mod one is, is the document that appears, I believe, it is at page 887, RMY 31.

DR YOUNG: That is correct. That is correct, yes.

15 ADV SIBEKO: And you say, it is the architecture that is described in this document that seemed to provide a happy medium between ADS and C Square I Square.

DR YOUNG: Yes. Yes. Unfortunately, I have got a copy and I can see you have got monogram copies. But, if you can see, more or less,  
20 in the middle, a, what in mine is a darker blue and it is actually still connected with all of those things that you should read it SIFUS, SIFUS. Can you see that?

ADV SIBEKO: Ja.

DR YOUNG: Alright. That is the, let us call it the combat  
25 management system bus. Theoretically speaking, it could have been

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based on the IMS, a subset of the IMS, the same technology, or it could have been something else. Okay. Then, it looks like small, it is only, it is because of there are a lot of consuls, which connected to the bus. But, the, more or less, the rest of the combat suite does not look so much, but it is still connected to the IMS, that is on the right hand side of the, of the page, in a, ja, okay, in between them, ja, this one, I cannot read. In between, in between the, for me it is in yellow, it looks like a different, if you look at the SIFUS, [indistinct] just below that, there is one box. For me, it is in yellow, but you can see that it is connecting these two different bus segments together. Okay. Anyway, that, that is the technical solution to this otherwise, so said insurmountable problem. Just for the record, on the very bottom, right hand side, in the corner it is indicated here as CS 7 (Mod one) and mod one, being this little technical change. Would it cost a little bit more money? Would it cost a little bit more time to implement? But, actually, it is a very elegant solution in the holistic scheme of things.

ADV SIBEKO: And you say it is on the basis of the solution proposal in the CS 7 one that ADS called for further quotations from C Square I Square?

20 DR YOUNG: That is correct, yes.

ADV SIBEKO: We, we shall deal with that, when we return from the lunch adjournment. Chair would be a convenient time for the lunch adjournment?

CHAIRPERSON: We will adjourn until two, two pm. Thank you.

25

**(COMMISSION ADJOURNS)**

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**(COMMISSION RESUMES)**

DR YOUNG: (s.u.o.)

ADV SIBEKO: Thank you Chair and Commissioner Musi. Dr Young after the discussion on the technical aspects relating to the IMS and the Texas Data Bust that you were informed about. You have now come to the stage in your statement where you deal with a request for quotations which request for quotations as you previously described. It appears to have been based on the [indistinct] arrangement that you have just indicated that you were not happy with?

10 DR YOUNG: That is correct yes.

ADV SIBEKO: Can you then take us through the quotations that were requested from you or from your company by ADS up to the time that this matter was concluded?

15 DR YOUNG: Okay, can you just indicate to me at which paragraph I should begin?

ADV SIBEKO: You are now at paragraph 204 of your statement at page 43.

20 DR YOUNG: If I may, I think I should actually commence and introduce myself again. At paragraph 200. I mentioned the BIFO the Bridge Interface Unit as this method of connecting the federated system. But I should explain also it involves making other technical modifications to the IMS. Now that was no technical problem. It was quite feasible to do, it would of course have taken a bit of time. It would also would have cost extra money. Those are negative implications that could have  
25 impacted on us.

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I traversed that in my paragraph 200. It is also relevant to point out that despite as I have said, I am talking from a technical point of view and in terms of risk management I think that the CS7 (Mod1) architecture was an elegant solution to a complicated problem that  
5 covered all the traditional as well as the new elements of risk.

At that same while I say that officially speaking it did deviate from the baseline CS7 (Mod1) was not officially incorporated into the baseline at any stage so that is why I am saying it deviated from it and that is why I am saying in paragraph 201.

10 Also at 202 the same technical meeting so the reasons why ADS were proposing these new architectures which deviated so extensively from the baseline and from actually what we have been working for six years from 199.. not six years but five years 1998 was this thing of risk. I need to state that senior managers and engineers of ADS who gave  
15 parts of the presentation had been the managing direction Duncan Howles and eventually program manager Doug Law-Brown and one of their senior system engineers Kevin O'Neill sought to undermine the IMS's possession by stating that it had unacceptable risk. Of course there were two important things.

20 Their assertions were more or less board. There were never any formalisation of a risk report or why, what category does this fall to assist the risk. We had known this and yet it still did not encourage them to handle this in a way and otherwise was completely self-serving and indeed opportunistic.

25 ADV SIBEKO: Just as you are talking about the risk that are referred

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too in paragraph 202. What actually was the risk that was alluded to there in your understanding?

DR YOUNG: You see although eventually, sorry although eventually the risk gets described as a business or a commercial risk as I said  
5 before. To be those kind of risks they would have to be, there had to be another category of risk which means that they are a business risk. But I do not think that they were ever quite sure of themselves and I will say very complicated stuff but about timing the amount of time it might take to sent a piece of critical information from one sub system to another  
10 one.

Those are the kind of things that were being talked about loosely. I do not think that they ever said, I cannot remember. Certainly that there is ADS to us that you C-Squid I-Squid are a tiny little company and you cannot provide a performance guarantee for your technology and  
15 therefore you are risk. Or as [indistinct] which I will prove to actually be more or less nonsense. This was just a technology demonstration that this was just an idea meanwhile we have been working on it for since 1993.

They never said that you have only been working for a little while  
20 whether it is five years or five months that means that there is a risk. It was never to me explained what this risk was. Indeed now that I come to think of it. I was not only acting at the IMS level, level 3 I was also a member at this stage of the Design Advisory Committee a small group of half a dozen or so specialists in our own fields that was advising the  
25 project team. This self saying Kevin O' Neill at one of the these



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meetings mentioned a risk. Again it was fairly board and I remember quite clearly explaining of how one can at least identify and boulderise[?] these risks by going through the mayor combat suite functions, not necessary all of them but at least starting off with the most

5 technically critical time critical what we call the most measured critical one. It is not necessarily the most important measured critical function in the combat suite. The frigates are their primary function is to engage in surface combat. That is effectively engaging or sinking another surface vessel with a surface missile.

10 That is relatively easy to do with a modern missile. The most difficult thing is detecting and engaging a areal target, especially a crossing target and not an approaching target. An approaching target always get closer to you and engaging it with a gun. It is a very, very, very, very difficult in a platform that is moving on the sea.

15 I remember making a proposal as my position on the Design Advisory Committee responsible for system integration. I said gentlemen if you take that there are risk. Just take one or two of these most important functions from beginning to end of the functional flow and analyse all of them. Break them down, analyse them and work out what the technical

20 risks, timing risks or whatever they are. This was done more or less in this 1998 time period of prior to this. Again all of those were just not addressed at all. At all, at all by UEC who is in charge of system integration.

In fact, now that I come to think of it I can see there were actually

25 complaints by Armscor done at a much later period that ADS had not

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properly done its engineering in these respects of system coherency and system integration. The reason is that they did not, they knew they were in on this program for different reasons. They were not bothered to address the real technicalities behind their propositions at risk.

5        So I would be saying maybe in a nutshell. I do not know exactly from ADS's perspective from when these risks were meant to derive.

ADV SIBEKO: Now despite the assertion being made that the IMS entailed unacceptable risk in November in 1998 C-Squid I-Squid was requested to make or to quote for the IMS.

10      DR YOUNG: Yes that is exactly correct.

ADV SIBEKO: Now that discussion commences at paragraph 204 of your statement. Can you take us through that?

DR YOUNG: Okay it is as a predecessor 203 we saying that the Navy had actually directed ADS to generate an issue a technical description  
15      of CS7 (Mod1) although they never did so that they fact the understanding of the technical baseline which would be the foundations for which quotations would be done. Quotations of course have technical aspects and got logistic aspects, all kind of aspect as well as money aspects.

20        So it was on that basis that ADS issued us in its position as this now exclusive level 4 combat suite supplier without competition. So it is assumed a mantel of responsibility and by that same token gave it the right to ask us for quotations. Receive our technical information and price and as we will come to later we will see that at least out prices  
25      were basically more or less in the domain I have already talked about

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the Navy and the DOD had it seemingly at least in its Appendix I or J or whatever it was to the URS had budgetary estimates.

So clearly our prices had visibility. ADS made our prices visible to their French parents and I will prove that in terms of documentation as well as to what would actually become our competitor being the company in Texas. That is an important reason why I need to traverse some of this information.

As the nominated contract suite slow contractor, I am talking about nominated both by the DOD and now by GFC. They were entitled I suppose at least in their view to ask us for four more quotations. So they asked us for quotations for the IMS and here is the wording, hopefully correct from the RFQ dated 11 November. I have it in front of me.

ADV SIBEKO: The RFQ you are referring to is it the one is the DT10300?

DR YOUNG: 0300, yes.

ADV SIBEKO: Yes.

DR YOUNG: That is correct.

ADV SIBEKO: That would be RMY32 at page 888 of Bundle 3.

CHAIRPERSON: You said that it will be at page?

ADV SIBEKO: 888, RMY32 file 3. Now you say in paragraph 204:

*"On 11 November 1998 ADS as the nominated combat suite contractor and nominated supplier of the integration segment requested CCII System as nominate supplier of IMS to furnish a formal quotation for the supply of the IMS. ADS's request included the following note in respect*

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*of the IMS for which CCII Systems wants to quote. The quotation goes: The sub system is as established at the level 4 DR under Project SUVECS and as modified by the selection of the CS7 (Mod1) architecture at the last technical committee meeting (TC 14)."*

- 5 DR YOUNG: That is correct. I found that particular note it is on Annex 1 of that RFQ. It is my PDF page 5. So it is five pages after the first page of reference document.

CHAIRPERSON: I am sorry. Just from my understanding. Let me found out from Dr Young. In your understanding if a particular supplier  
10 is nominated to supply a particular product and during applications it turns out that, that nominated supplier cannot agree with the main contractors as far as the price is concerned. Under that scenario in your view what should happen?

DR YOUNG: I think as I testified yesterday is that all things being equal  
15 if one has been nominated or selected and nothing fundamental changes like I said, price or sudden risks suddenly became apparent or time scales become untenable. Or some absolutely some problem which in legal terms goes to the root cause. Unless any of those change then once especially a statutory authority has made a  
20 nomination or selection that should change.

There is two aspect of it. If there is going to be a change it has to be changed in a formal way. If there are baseline there are formally established baselines you have to establish or re-establish the baseline formal change before a an alternative supplier can quote for something  
25 different.

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I talked about a legitimate expectation there is two notions of it. One is the right to correct an administrative procedure. That is what I am talking about now. If our sub system was being deselected there needed to be a proper procedure going through that. I am going a bit  
5 further than that. I am saying that because we have been working so long because we had spend our own money. Because our system met the technical requirements. Our costs were known. Our costs were actually published by the DOD it their user requirement specification in Appendix J.

10 When you publish somebody's cost you are suddenly quite open up to competitions. So that gives rise to a substantial legitimate expectation.

CHAIRPERSON: I understand exactly what you are saying then maybe I will understand as it goes on. The simple question is. If you are  
15 nominated and you and the main contractor cannot agree on price, main contractor feels that the price that you are quoting are to high and you feel that you cannot go below the quoted price in your understanding what should happen?

DR YOUNG: Yes unfortunately that really means that if that, it is not  
20 just a simple thing to say cannot agree on price. You will see when I take you through the evidence that the price, there was no price to actually agree. Our prices had been submitted and were expectable. Then they were going to somebody like ADS who assume and exalts a position in the greater scheme of things and they only made our price  
25 unacceptable by basically effectively doubling it from R42 million to R89

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million.

Not that would be fair is there were fair reasons to do so but there were no good reasons to double that price. Their justification for doubling that price was based on risk. I will go through the whole analyses of risk.. There were no justifications based on risk. In fact I have already gone through that point and I think it is fairly clear from the documentation. ADS who is the main contractor, just remember that the GFC had very little to do with this regarding the combat suite and the price.

They were, it is not they who could not agree on the price, it was ADS. ADS by this stage raise itself from being a level 4 contracting party to a member of the consortium that actually received the contract. ADS and Thomson were the people who were dealing with the issue of price. They said in the document which I read out yesterday is that there are no unacceptable risks. So if now risk is the reason for doubling the price there is something that is not making sense here.

I would say if there were good reasons why a sub contractor and main contractor could not agree on price then of course that would lead to the parting of ways. When I am saying this instance that was not the basis of this.

ADV SIBEKO: Just before that question was put to you. you were dealing with annex 1 with the request of quotation from ADS that appears at page 892 of the bundle.

DR YOUNG: Is that annex 1, scope of supply?

ADV SIBEKO: Yes.

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DR YOUNG: Yes, a fundamentally important thing especially what we have just been talking about in terms of the baseline and CS7 (Mod1) and what I have hopefully correctly quoted in my witness statement is the note under paragraph 2. Integrated sub system. Maybe it is relevant to read out the whole thing. The integrated dual redundant fibre optic FDDI again that we were offering were the only people offering is FDDI local area network database,

Identified down to a storable item level. The Sub System they are talking about the IMS the subject of this RFQ is as established at the level 4 ( I have talked about level 4 that is the combat suite level) and DR 2 stands for Design Review number 2. Now this is where the South African [indistinct] two second diverse slightly from the US Department of Defence System Engineering of having a preliminary design view and a critical design view and a formal qualification review. They call it DR1; DR 2 and DR 3.

Those design reviews were formally established and undertaken documented, signed off and design views which established whether it was a combat system, sub system at level 3 or a combat suite at level 4. If it established and formulised the baseline. We had already done this, in fact we had already DR 3 at the IMS level. At the level 4 when they say level 4, that is a combat suite level at its DR 2. So it established a base line for the combat suite at DR 2. The project that was being run at that time which was Project SUVECS.

Also as I have described before lunch the media V was not to go for the baseline architecture CS1 or CS2 which is maybe Thomson's

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preferred architecture the media V was CS7 (Mod1) at obviously the selection at the last technical committee meeting TC14. I introduced this particular topic by referring to the instruction given by the Navy and the Armscor regarding CS7 (Mod1).

- 5 They used the word selection of the IMS or in the context of the IMS specifically CS7 (Mod1).

ADV SIBEKO: You have already indicated in your evidence that up to that time there had been no amendment to the program plan or the ECD or the URS. is that correct?

- 10 DR YOUNG: That is correct, yes.

ADV SIBEKO: You say notwithstanding that there had been no former amendments to the documents on the base of which the IMS was selected or designated product C-Squid I-Squid submitted a quotation?

DR YOUNG: Yes we did yes.

- 15 ADV SIBEKO: That quotation that you submitted is your document DT10317 which is our RMY33 of page 897 of the bundle.

DR YOUNG: That is correct, I have it in front of me.

ADV SIBEKO: Is there anything specifically that you want to point out in the quotation that you submitted to the request?

- 20 DR YOUNG: Yes we were looking at the analyses and the results of the IMS Cost and Risk Audit. I specifically remember mentioning for the 98 year a cost of R38 odd million. So now we are talking about the following year not a whole year later but we are talking about November/December that year.

- 25 My quotation is R39 million. A very small point is I did not mention



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because I did not think it was important. When we were looking at the notes that I read out at sub system level underneath integrated system they reverted to something extra. 4 off bust testers for use by sync. That was one of the reasons probably the most important reasons I cannot  
5 remember all of the reasons. While there was small price change for technical reasons for scope of supply reasons there might also have been other price escalations factors like inflation.

Anyway more or less to all intensive purposes the prices were remaining the same so there were no surprises either to ADS or to  
10 Armscor or the Navy that suddenly now we will ask to formally quote on something in a Capital Acquisition Program we were now taking advantage like it certainly alluded to in the other documents of radical price increases and escalations. Ours were more or less always the same taking into account inflation, rate of exchange and small  
15 modifications of technical baseline and scope of supply.

ADV SIBEKO: After you had submitted that quote you were then asked on 15 December 1998 to submit a further quote?

DR YOUNG: That is correct, yes.

ADV SIBEKO: That request from ADS is that the document DT10320 of  
20 your document and our RMY34 at page 916?

DR YOUNG: Yes, I have that in front of me.

ADV SIBEKO: Why was it necessary for this request for quotation to be made subsequent to the response you had sent to ADS?

DR YOUNG: Well there are a couple of reasons, what involves changes  
25 in architecture baseline, loosely using the word baseline at this stage.

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This is the quotation baseline. But importantly as I have said despite us agreeing to the media V of the combat CS7 (Mod1) which as I explained technically is or requires the use of the Bridge Interface Unit.

As I also talked about the federated system and two systems possibly  
5 talking together via the Bridge Interface Unit. Now suddenly they are  
changing that again. So seemingly or at least my paragraph 209 they  
are actually reverting to the original baseline document. Removing the  
Bridge Interface Unit assuming a single dual redundant FDDI LAN  
where it could have been a dual LAN connected. Interestingly  
10 something we always talks about and always offered and never been  
accepted as a requirement, we are getting into the realms of internet  
technology is the language, We are talking English because we are from  
all different backgrounds but we all talking today in the same language  
as English.

15 In computer terms you have to talk a common language and this is a  
protocol which is a language TCP/IP which as you know is the  
foundation of the internet. They asked us to provide that as an extra. I  
probably should have thought of it at the time but I am thinking about it  
now. The reason for this is clearly, they did not do the connection of  
20 these two different segments of the network with a physical box called  
the BIFO they wanted to be able to provide, just bare with me for 60  
seconds.

A network is a physical network. It can talk different languages that  
would be called a virtual network when it is running two theoretical  
25 networks over one physical network. So we would have effectively it

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looks as though had our network running our language called XTP and their language called TCP/IP simultaneously. That is what it looks like to me.

So they still have this notion of connecting the combat management  
5 system together with its language and our real time part of the combat suite with our language but only requiring one physical clearly FDI LAN only one physical one. Then doing away with the physical requirements of the BIFO and of course the cost. That is something that we would had to developed. So that is very important they are now jumping back  
10 a step in so-called baseline management.

Additionally we are suddenly asked to provide for not four sets because there were four corvettes and by this stage to save money it was decided that there would not be a 5<sup>th</sup> set. Traditionally you have what you call a Land Based System Integration Test Bed. They decided  
15 that each system would go into the test bed and from the test bed into the ship. Anyway they required an extra system and unfortunately its it is deep in the details of their requirements very fine print. They wanted a thing called a It has got a Q in it. Basically it is a qualification test. Qualifications reference platform of their own. It is something that they  
20 would have on their own premises on their own site and it would not be a deliverable to the ship.

So they asked for an extra set. Previously I think I can remember now there was a request for four sets. Four ship sets, indeed. Four ships. Anyway certainly in the scope of supply of the 11 November one  
25 it was four ship sets. Now they are asking for five sets. Four ship sets

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plus their internal qualification reference test set. What that means is of course extra costs. Dual attached nodes. That is an FDI node it is a piece of equipment that goes inside each side sub system and I think that we estimated that each system would have about 15.

5 Now that they are including the combat management system, you have seen the diagrams it has got extra connection points. So now suddenly that figure has jumped up. Probably from the region of 15 to 25. These things cost several thousand dollars each and if you are increasing from 15 to 25 that is 10 times 5 (10 x 5) so you are talking  
10 about a lot of money. They were also asking for extra things. It is getting a little bit technical but extra hardware. These are board pieces electronic equipment.

Also the development of another version of software. I am not going into detail. The APIS software is another dialect if I may say of our or  
15 the language that our computers talk to each other and talk XTP as a protocol but they have to talk at a higher level language in application into interface services. We developed that but now they wanted us to add specific functionality to that called Connection Orientated Services.

It is software that would have taken extra time and extra money to  
20 develop. So there a fairly fundamental C change in this very short time from 11 November to what was this the 14 or 15<sup>th</sup> December. Was my explanation sufficient for you?

ADV SIBEKO: Right despite the request for you to quote on some extras from the time that you quoted previously on 11 November 1998  
25 you submitted a quote in response to the further request for quotation.

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You say this was it is not set out in your statement. Is this the quotation that you submitted which appears at RMY35?

DR YOUNG: No. It is not at all. This is a combat suite... no not at all. This is a combat suite pricing spreadsheet. I can have a look on mine.

5 ADV SIBEKO: At paragraph 218 of your statement you said that you dually submitted a formal quotation at R54 million?

DR YOUNG: I do say that yes. It is the document discovered I was just looking in my discover spreadsheet schedule here. Because it would give me an index and if that thing was later in the document I would be  
10 able to easily find it and refer it to you.

ADV SIBEKO: It is okay. We can find it during the adjournment and we can include it in the documents. I think it suffices to say that the quote is submitted and is R54 million and R985 481 inclusive of VAT (R54 985 481). That would have been the price right?

15 DR YOUNG: That is correct yes.

ADV SIBEKO: Next you deal with the GFC's February 1999 offer that starts at paragraph 214 of your statement?

DR YOUNG: If you can just bear with me for a couple of seconds. Could you just take me back to the paragraph that you want me to  
20 address?

ADV SIBEKO: It is paragraph 214 of your statement.

DR YOUNG: Yes, I have got that in front of me.

ADV SIBEKO: You talk about the GFC's offer of February 1999?

DR YOUNG: That is correct, yes.

25 ADV SIBEKO: You deal with that in terms of your RMY35 on our

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bundles at page 918.

DR YOUNG: That is correct. Basically what I am doing at this stage is I am introducing the whole issue of costs. We told about the original costs the ceiling price, R1.47 billion in April 1998 we talked about that  
5 being escalated to R1.9 billion in December 1998. What I want to show is that part of this thing of risk and unacceptable risk and price is how a R1.47 billion system went to R3.9 billion and then back to R2.599 billion. It was in this process that our IMS got excluded based on costs.

So in am introducing this and that particular spreadsheet I am  
10 showing in the reference of the evidence document as got that price of the R2.607 billion excluding VAT.

ADV SIBEKO: You say that the content of the offer that was made to GFC that was made by ADS, Midrand. This was the leader of the consortium of the combat suite?

15 DR YOUNG: Yes look at this stage the GFC had nominated ADS as it's combat suite partner in supply. There was still some water to flow under the bridges before all of these things became formulised. I think that is why I put it is the GFC submitted that quotation effectively on ADS's behalf. Later the contracting party or the negotiating party then the  
20 contracting party Nolan became directly the GFC as super consortium consisting of the GFC plus Thomson-CFS and ADS. That instance ADS would have been what we call a, no longer a level 4 but a level 5 player at the same level as the GFC.

So they would have submitted prices and quotations and things more  
25 or less. At this stage ADS was working at level 4 through the GFC at

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level 5.

ADV SIBEKO: You continued in your statement to say that the quotations submitted had allocated an amount to the IMS which after which Armscor responded to a quotation that was submitted. Will you  
5 just take us through that?

DR YOUNG: Yes, I can say that I have found our quotation dates, I think dated 22 December in response to ADS's request for quotation on the 15<sup>th</sup>. It is a discovered document.

CHAIRPERSON: We shall make that available after the adjournment.  
10 Can you deal with the issue of the offer made that evoked a response from Armscor?

DR YOUNG: Sorry could you just refer me to which paragraph, the Armscor response?

ADV SIBEKO: That discussion commences at paragraph 215 of your  
15 statement and it goes down to about 218.

DR YOUNG: Okay. As I have said in the quotation there are various spreadsheets to back it up. I am not sure, it is very small to read and the one that I had opened whether it is in that one or not I do not know. There is references to that particular prices that I am talking about in  
20 paragraph 216 of R42 million.

In fact, as far as I can remember that was the final IMS price and ADS was allowed to add on some extra amount for integrated logistic support at the system level for the subsystem. There were multiple prices put in, not so much put in by us but got put in by ADS for the IMS. I think all  
25 was still based on the basic IMS price of R42 million. The first one was

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R68 million so they added on a risk of R19 million.

What is so important is by the time that the IMS got excluded based on costs, based on risk that amount of R68 million had actually increased to R89 million. I can remember now that apart from R68 and

5 R89 million there was another one in the 70's round about R78 million.

In my view or at least my memory I do not think that there were no changes whatsoever and certainly no, say interrogations to us as to what these risks could possibly constitute that could change them from R68 million to R78 million and then to R89 million. This is all (and I will

10 say it) frankly this was all thumb sucking and in fact if we look at the evidence of Puma Nome there was a lot of thumb sucking at to where they got the figures.

However I do not think (and I was never asked for my opinion) whether a risk provision of R19.7 million was justified at this stage I

15 probably could have said in the sober light of day even then that possibly in the amount of R19 million could have been justified. It is only a well is 50% of our price. That is sort of getting into the ballpark of reasonability. Once you start getting to R89 million then in my view that is right in the ballpark of un-reasonability. The point is how they got to

20 these various figures I have no idea.

ADV SIBEKO: Once that quotation had reached Armscor it then responded to GFC in terms of a letter and it is dated 8 March 1999 signed by Llew Swan that you would find. It would be document DT10363 RMY 36 at 919?

25 DR YOUNG: That is correct. Do you wish me to take you through it?



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ADV SIBEKO: In that letter Llew Swan (Chief Executive of Armscor) at the time appears he acknowledges receipt of that quotation and makes certain comments. Would you like to take us through that for the record?

DR YOUNG: Yes. Possibly by way of context of course although I was  
5 not deeply involved in the prices they certainly were in the periphery and I would not say that I was intimately aware of going on. I was definitely aware of the greater scheme of what was going on with regard to the submission of quotations and requests for quotations and prices.

Also as I have just shown on that one spreadsheet the price  
10 submitted for the GFC for the combat suite was R2.670 billion excluding VAT which was all of R700 odd, million higher than the one of R9 million that they were more or less kind of expecting after their detailed costing analyses from the previous year.

So of course and of course more importantly it far, far exceeded the  
15 ceiling price for the combat suite of 1.4 escalated to 1.9 but that of course far exceeded the ceiling price for the Corvette as a whole which had been set at R6.001 million as we looked at before. So the R6.001 would have come to all intensive purposes something like R6.7 million.

So there was a lot of consternation and we should come to some of  
20 the letters written by the joint project team by Admiral then Captain Kameran and his fellow executive team member, Chris Nortjè. Great great consternation in the prices that were now being received. If I may say in this non competitive environment which spawned[?] this kind of conduct in this kind of approach from ADS and especially from ADS and  
25 Thomson.

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The response, there was now a formal response from Armscor being the Acquisition Authority in my view (I am sure in the view of many others ) to start putting the GFC more or less on the spot. The way they did it was writing this letter and asking for, first of all alternative  
5 strategies. Obviously when we are talking about alternative strategy we talk about acquisition. Acquisition strategy the whole context is buying a vessel and buying a combat suite. It is strategies of how to reach that goal. Again with reference to the baseline. The user requirements and the user requirements.

10 They are talking about [indistinct] of course if they could not meet it then what should have happened was to change the baseline and the form of configuration control to exclude torpedoes or whatever else were originally there to reduce the prices, that is what you do if you already have a baseline. They have mentioned there in the middle of the page,  
15 lowest price. Clearly this was the crux of this was price.

Not only were they looking at alternative strategies but they specifically looking at alternative contract D models. Models which achieve the most cost-effective solution. Now I alluded to that earlier when I said that the GFC had been declared the preferred supplier on  
20 the basis or input declared ADS as it combat suite partner at a lower level. This alternative contract D model is one which eventually eventuated which I called the super consortium. We will come to it later so I might as well mention his name. The consortium which eventually won this contract and the partners who signed the umbrella agreement  
25 on 3 December 1999 is a thing called the European South African

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Corvette Consortium, consisting of GFC would have self consisted of its own sub partners. Thomson-CFS, NCS, Naval Combat Systems a division and ADS.

Just for the record I am at this stage or between this stage and the  
5 that final one there was also a thing called the Corvette Consortium for South Africa which at least in n name succeeded this situation and preceded the Esac[?] situation. There was good reason for that, because when there were different contracting partners at different levels you were not formally contracting partners in terms of a tight  
10 business agreement like a consortium agreement. There were various layers of mark-ups, profit mark-up and risk mark-up's et cetera that were contributing to this unacceptable price of let us talk about it of round about R6.7 instead of R6.0 corvettes and R2.6 rather and R1.9 for the combat suite.[Not mentioning millions or billions in above sentence].

15 Very importantly from a number of issues we are going to be discussion the whole issue of British Aerospace in particularly it subsidiary company called BAe-SEMA and the company that came out of there Advance System Management, in terms of alternate bids for the supply of the combat suite. This is a precursor to that. Also the fact is  
20 that basically what that also means is that ADS itself and Thomson-CFS and ADS together were no longer a guaranteed nominated supplier selected at level 4 basically for two reasons.

One is that there were no longer a South African company offering indigenous products like the AIS and the WCU. It also completely  
25 diverged, if I may use a light word from the expectations of cost. So

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now here you have a *bone fide* reason of why a contractor and a nominee to start at least talking about parting ways is because based on the expectation of R1.9 they are suddenly getting R2.6 which is more or less untenable. You would see that even though they ended up at a price of R2.6 billion the navy had to cut its quantity and quality using it own words very substantially to actually meet that.

Anyway this is the precursor for all of those things and it is done in the name of the Chief Executive Officer a board member of the effective Tender Board for the acquisition process.

10 ADV SIBEKO: You say that at paragraph 219 that:

*"During April 1999 ADS and TCFS presented to Armscor and SAN a revised combat suite architecture based on the Tavitac CMS and the Detexis System and completely eliminated CCI's Systems IMS."*

15 DR YOUNG: That is correct and we will go through the details in a little bit more detail in the evidence succeeding this.

ADV SIBEKO: If you turn the page to paragraph 220 you talk about the Navy addressing a letter to GFC and ADS stating that the cost and acceptable price from the combat suite had not been achieved through negotiation. They were requested to submit a best and final offer for the combat suite. Take us through that?

DR YOUNG: Okay that is the factual introduction to this issue which is addressed in far greater detail in terms of the letter which I want to ...[intervenes].

ADV SIBEKO: Is that the letter DT10426 which is RMY37 at 920?

25 DR YOUNG: That particular document is not the letter that is still

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coming up actually not the SAN it is probably the DoD, GFC. This is the best and final offer that resulted there from. Do you want me to go through that now or?

ADV SIBEKO: Yes.

5 DR YOUNG: Oh yes. The reason why I did it this way was because the whole thing this letter that I am talking about from, I said the SAN I probably meant the DoD actually came to us a annexure to ADS's own request to us so that it was one continuous document and that is the way that I presented it rather than splitting it myself.

10 So we can basically start at the first page. It is a document on ADS stationary dated 13 May 1999 and it directed to C-Squid I-Squid, my attention.

ADV SIBEKO: It is at page 920 Chair. The letter is dated 13 May 1999 addressed to you. Take it from there.

15 DR YOUNG: That is correct. As my witness statement narrative says. It says the consortium now here we see the beginning of the consortium although it is not named of ADS and the GFC had undertaken to submit a best and final offer BAFO for the vessel system as requested by them. That is one confirmation of what I said preceding this.

20 Seems to be done in extremely short time. They only had until the 19<sup>th</sup>. They sent us the their own RFP on the 13<sup>th</sup> as you can see in the next paragraph for our own response the very next day, Friday the 14<sup>th</sup>. They do importantly refer to in that first paragraph the very last word, Appendix A. They also refer to in the 3<sup>rd</sup> paragraph that our offer is  
25 invited in accordance with the RFO attached as Appendix B should be

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taken into account with Appendix C.

So that is why I killed three birds with one stone by attaching ADS's RFO and its annexure with are Appendix A which is at my PDF page 3 so it will be three pages into your document.

5 ADV SIBEKO: That is 922.

DR YOUNG: Basically what that Appendix A is a cover page to the letter to which I refer came from the SAN where I actually meant came from the DoD. Project Sitron Office Department of Defence. Inquiries Captain Kamermen dated 6 May to Messis separately GFC and ADS.

10 This a quite a lot of stuff to work through there.

ADV SIBEKO: That letter appears at page 923. There is a portion at paragraph B that deals on that page with combat suite as per ADS offer Project Sitron Combat Suite. Does that have any relevance to what you want to say?

15 DR YOUNG: Sorry I missed you there. Could you just direct me to that particular, are you talking paragraph of the letter?

ADV SIBEKO: It is paragraph B you see the letter. It has a heading request for Best and Final Commercial Offer. Just about two 3<sup>rd</sup>'s down there is a paragraph B, it is paragraph 1B it is for the combat suite. Do  
20 you see that as per ADS ...[intervenes].

DR YOUNG: Sorry I thought I heard E or D but I think it is B.

ADV SIBEKO: Yes.

DR YOUNG: Yes it is not that informative but is it an introduction to the rest of it. It is for the combat suite as per offer ADS offer designed to  
25 cost measures. Obviously that it a separate document whether I have

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that document I am not sure. Dated 7 April 1999 where this as I alluded too in my previous item where the Navy had to accept reduction and quantity and quality that can be described too design to cost measures.

I certainly can remember this but I cannot remember this in my  
5 witness statement. However be that as it may the specific requirements are indentified in Appendix B to this particular page. That is a good start.

ADV SIBEKO: Paragraph 2 at the which is the last sentence the paragraph of that page deals with price rates and conditions. Any comment on that?

10 DR YOUNG: Yes indeed. I am kind of appreciating some of the new answers this for the first time. Because we got taken to task for this very same point where we baseline some of our prices and then ADS took great, great issue with them because we quoted what I used in May 1999 based on. Anyway that really means that the ceiling prices then  
15 should have been with reference to the R1.47 billion ceiling price for the combat suite and not the R1.9 billion which was the December price.

I am talking nonsense because it is 31 December 1998 for the combat suite and 30<sup>th</sup> 1998 for platform. Anyway I think it was a good thing that we placed that in the right context. I think for the first time  
20 actually mention specific exchange rate without us having to guess them. Just moving down through here... I do not see so much of importance in this annexure A. What is really important and what I have got highlighted I have marked which you would be able to see in your own documents which are red tangles but I also have hyperlinks.

25 A couple of things that I mentioned before and certainly come up

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later. I will just stop for the moment to catch my breath and let you lead me from here.

ADV SIBEKO: Now once you requested to submit your best and final offer the next day you dually complied with the request, is that correct?

5 DR YOUNG: That is correct yes. Whether or not it is in reference in the witness statement it is discovered document.

ADV SIBEKO: That response you will find at DT10427 which is RMY38 at 948. Is that the document. There is a document at page 948 our page 948 it is titled it is from C-Squid I-Squid and it has right at the top  
10 Proprietary Information and it says, Best and final offer for the NAV distribution sub-system for the Patrol Corvette Combat Suite, dated 1999-05-14.

DR YOUNG: No this an incorrect document because it is for the navigation system the navigations distributing system whereas in the  
15 narrative I refer to being a response... no it is the incorrect document. In paragraph 223 I refer to a offer of ours on 14 May for a price including VAT of R44 million. That is the incorrect one. I am going to have a look. Here we do have an incorrect referencing situation.

ADV SIBEKO: Can you look for the document during the adjournment  
20 and we will provide it to the Commission the best and final offer?

DR YOUNG: Will do so yes. If I may just say at this juncture. I do not think I actually got to that point yet. I was still working through the ADS's request for offer and which it Appendix B. If I may work through the rest of that. It is very relevant at this point.

25 ADV SIBEKO: Is that Appendix B dated 6 May 1999 at page 926?



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DR YOUNG: That is correct. That is the one we were working through.

ADV SIBEKO: You can go through that. Is there something that you need to highlight on Appendix B?

DR YOUNG: Yes there is actually quite a few things. I have opened up  
5 various other documents. I just want to get rid of them so I can concentrate on the right one. Okay. I am back to where I was. We were addressing Appendix B which is page 7 of my document. I was refereeing to my 0426 RMY38.

CHAIRPERSON: Maybe let us take a 10 minute adjournment then we  
10 will get that one or two things in order.

ADV SIBEKO: It is okay Chair.

**(COMMISSION ADJOURNS)**

**(COMMISSION RESUMES)**

DR YOUNG: (s.u.o.)

15 ADV SIBEKO: Dr Young just before we adjourned you were looking for Appendix B at page 926 dated 6 May 1999 which is the combat suite baseline for vessel best and final offer. Did you find it?

DR YOUNG: Yes, I did actually have it. I really appreciated that break I think I was beginning to saturate.

20 ADV SIBEKO: You can deal with the issues that you wanted to comment on.

DR YOUNG: This is actually an extremely important document. The first point is, the first point of this extremely important document is item 4. I think it is highlighted on your version as well although it is not in  
25 colour. It says:

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*"A hardwired solution is not acceptable to the SAN. Architecture to be as proposed on 7 April 1999."*

I will explain that essentially although not a 100% of it but there are very many aspects of the architecture and the implementation that were  
5 eventually chosen and actually done are effectively a hardwired solution.

I was not privy to the discussions of 7 April but as far as I know is that at the very least the architecture decided there still included the IMS. The next important point is actually a kind of a double annexure to that  
10 that appendix. That letter was attached and it is my PDF page 9. It is dated 31 March. Can you find that?

ADV SIBEKO: It is at 928?

DR YOUNG: I do not have those numbers but I think that is for the benefit of the people who do have numbered versions. It says  
15 document written by Captain Kamermen to the German Frigate Consortium.

ADV SIBEKO: Is that the letter that is addressed to Mr H Kamermen German Frigate Consortium as a Corvette Combat Suite Group?

DR YOUNG: Yes indeed. If I may just point out that SA Corvette Group  
20 has nothing to do directly with the Germans. That was the group of South African companies who were selected and indentified as partnering with ADS just to supply. Interestingly it was addressed to both entities which are completely different.

We mentioned the term when I read out the term design to cost  
25 measures. What I said I certainly was aware of them. What I meant was

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that I was not involved in formulating the design to cost measures. I am basically now just going to be addressing what are the design to cost measures that have stipulated, handed up and handed out and handed down by basically the DoD to at least the GFC. Of course the SA  
5 Combat Suite Group did include ADS at that stage.

Okay. At the beginning of this letter there is reference to a first order list of cost saving measures. I think this goes to prove to what I was saying earlier about this whole exercise was being embarked on now is all to do with costs. Especially in light of the costs that had been  
10 presented thus far which precipitate a kind of response from the Acquisition Authorities.

Very importantly in the greater skim of things is what is said here in the second paragraph. I will read that out:

*"You are reminded that these measures represent a considerable  
15 departure from the functionality required in the SA Navy Corvette Combat Suite User Acquisition Specifications and has been [indistinct] by the untenable price of the local combat suite offered in February 1999. The latter had been double the price provided by the SA Industry in May to August of 1998 with essentially the same baseline.*

*20 As such these measures reflect the SA Navy's willingness to concede combat suite capability to achieve a affordable corvette. As a totality however they do not yet solve the budget problem. You are urged to vigorously innovate and review all prices including rates; mark-ups; risk provisions and warranty provisions in order to achieve further cost  
25 reductions in the spirit of assisting the SA Navy to achieve a viable*

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*solution and mutual interest.”*

Now that has actually been done but at the cost of giving up as I said described elsewhere in the DoD's own words as terms of quality and quantity. Certainly from the perspective of this particular point I want to  
5 make here is that although prices did come down this was for a negotiating tactic. In respect of the IMS it was one, or thee mechanism to make the IMS unaffordable. The whole R2.6 was unaffordable. Okay yet at that stage we were talking about a R68 million price the ADS was offering and yet it did not reduce it went to R89 million but for no reason.

10 So I am saying that it is a ploy it is a tactic in this negotiation procedure as my own legal team at one stage said ADS and Thomson had the DoD over a barrel. They were things were getting late in the day for whatever reason there was no competition and another maybe important point that we did not even see any competition at this stage  
15 despite the letter that we addressed from Llew Swan not before.

So they were in an extremely powerful position. In terms of this cost reduction methods which reduced the quality and the quantity in the scope of supply these are addressed in the detail starting on cost reduction measure to be incorporated, Item 1; common areas of cost  
20 provision. That is all details that I will not go into. We come to section 2, Reduction of the surface to air missile. A very expensive system, a very good system but very expensive several hundreds of millions. Reducing the number from 32 per ship to 16 per ship.

I am not going to go into all of it. The dual purpose gun. I talked  
25 about the difficulty of hitting a when it is an closing target let alone a

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crossing target with a gun on a ship. One of the ways you can do it is by using this special ammunition which explodes before the flying target. It is very expensive and it requires a lot of system changes to radars and things, it is called close fire control but they got rid of that.

5 We come to item 4, the IMS. Very importantly is at least at this stage the IMS is still here at the end of March. It is this as far as I remember this letter is attached even though it is a March letter is attached to 6 May letter. So we still here in May so the IMS is still there and this certainly is not a Texas a so-called IMS but then again reducing costs  
10 as I said last time in response to ADS's second request for quotation. They are the ones who suddenly introduced the requirement for a dual protocol stake. Now the Navy or the DoD is saying remove it, removal of extra animus process I do not quite know... I could speculate right now but I do not think that it is necessary to belabour the Commission  
15 with that level of detail.

However here is quite an interesting one as I said before the price of the IMS R42 million jumps to R89 million. Of that R89 million, R10 million was actually at least in one person's idea where the R89 million came from there is certainly documentary evidence. They decided, I  
20 think this is Thomson and ADS and GFC they were going to get external specialists parties involving us as well and do a risk evaluation study at a cost of R10 million.

Now I mean R10 million on our subsystem that was only going to cost R42 million is a lot of money but R10 million is only R10 million it is not  
25 R49 million or R47 million. In their own view R10 million was too much.

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Right there is reference to the CMS and we will talk about that price. You can see there is a lot of reductions in that EW System there is a lot of rocket systems that are reduced actually by half. In the tracker system the tracking radar is reduced one system to two. Sorry from two  
5 systems to one. On this very expensive that all together could have cost R500 million or told the surface to surface missile indentified here in item 9.

ADV SIBEKO: The items that you are refereeing to are these the items at page 3 or page 3 of that document and our number 930. You referred  
10 to EWS item number 6 and your referred to MGW item number 8A on SSM I think that is the surface to surface missile at item 9 those appear at number 930 of our papers?

DR YOUNG: That is exactly correct. I am not belabouring these points unnecessary because we are still going to come to some of the these  
15 things specifically the SSM the surface to surface missile. Here is an instruction to reduce 2 16 rounds, it was originally 32 rounds, 8 rounds per ship now it is being reduced with only one single missile for all four ships for sea acceptance tests. We are going to come, this is even though it is a May issue here we are going back to end of March  
20 because we are still going to come to the issue of the pricing of the navigation distribution system. You can see now the precursor of this is the cost of the navigation system which was then offered by ADS if I remember R42 odd million was also deemed far too high.

The system management system which we are going to come to as  
25 well that had been offered at something like R69 million and eventually

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reduced to R29 million with our involvement and they wanted production there not only of price [indistinct] price reduction, well reduction to basic systems et cetera. So I think that is a pretty important letter from the DoD. Which puts certain situation certain situation at the time and if I  
5 may say the desperate in fact I am pretty sure this is the same wording as close as to gets used elsewhere by Amrscor and the Navy maybe even in witness evidence regarding this in this Commission.

They were in fairly desperate situation to try and achieve an affordable combat suite. That led to a lot of things which I am going to  
10 be addressing in the rest of my witness statement.

ADV SIBEKO: Now having dealt with that letter do you say that in compliance with the request that was made in that best and final offer C-Squid I-Squid submitted that best and final offer on 14 May 1999 as it was requested. Is that correct?

15 DR YOUNG: Yes, that is correct. Unfortunately we introduced the wrong evidence document here. I think in fact when I initially went through this I did not actually think it was necessary to go much further than to state the price because that price is effectively where we ended up. Our price excluding VAT was more or less as the original R38 or  
20 R39 million and it was that price excluding VAT which was eventually being offered by ADS as at R89 million. It is on that basis that we got excluded.

There is not, I will certainly find it. Sorry I have it right in front of me in my I do not think we really need to ventilate it much further than that.

25 ADV SIBEKO: You say on 24 May 1999 GFC and ADS submitted a

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best and final offer for the combat suite and you say what the best and final offer incorporated.

DR YOUNG: Yes in paragraph 225 I say what it incorporated but I have indentified my evidence document there at 224 as an introduction as I  
5 wanted to address for going into the best and final offer itself.

ADV SIBEKO: What you have addressed at paragraph 224 is your DTI0440 is that correct?

DR YOUNG: That is correct yes.

ADV SIBEKO: That is RMY39 which appears on paragraph 968 but that  
10 document, 968 seems to be a letter from Captain Abbot, J Kamerman it is a letter to the German Frigate Consortium and African Defence System dated 29 May 1999. It is a document which is redacted. Is that the document you are referring too?

DR YOUNG: Yes it is that document yes. It is a redacted version of that  
15 document which I received.

ADV SIBEKO: You will see that in paragraph 224 of your statement you referred to a best and final offer submitted by JFC and ADS on 24 May 1999. Your 0440 appears to be a different document?

DR YOUNG: Yes, I am not saying that, that document is the BAFO it is  
20 the document to which I want to refer. Now I do not think that I would have received ADS's offer itself. I might have received or seen bit and pieces of it. I do not think or I certainly cannot remember it. What I did of course receive from the DoD under Pie Act is the DoD's response to that BAFO and that is what I wanted to address.

25 ADV SIBEKO: That documents is titled response to [indistinct] best and



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final offer submitted on 24 May 1999 as you set out in paragraph 224 of your statement?

DR YOUNG: That is correct yes.

ADV SIBEKO: You can then continue to comment and address that.

5 DR YOUNG: Okay, I think that it is very important to take note of the situation at this time. I have alluded to what I have alluded too I have addressed the conduct of ADS they way that they handled these negotiations. I think this puts it in a context going back all these years, 16 years ago. Of course the board part is that it is this context which led  
10 to the realities to the reason why I am here today.

Captain Kamermen on behalf of the DoD starts of fairly straight to the point when he says:

*“Unfortunately despite our request for a best and final commercial offer that will meet our known vessel budget limitations as well our much  
15 reduced technical specification in scope of supply you have chosen to submit an offer that considerable exceeds the combined price for your last offers of 11 May 1998 for the platform as adjusted by reduction by performance or scope of supply and in 7 April 1999 for the combat suite.*

*So you offered price for the vessel is therefore completely  
20 unacceptable. In addition you do not appear to offer a single entity as a vessel contractor with who we may conclude and made an agreement a contractual model that is headed to be now explicit requirement one which you led you led us to believe until yesterday would indeed form the basis of your offer.*

25 *In short gentleman your price for the vessel has gone up and your*

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*contractual model appears to hold no benefits whatsoever to us. Frankly we are disappointed and it is pointless to proceed towards a contractual baseline as previously planned until these main issues has been resolved.*

- 5      *This letter therefore addressed our main concerns arising from an initial examination of your offer, the resolution of which will allow us the latitude to continue with negotiation.”*

Then there is a lot of detail and unfortunately most of it is hidden from me which unfortunately for me which is irregularly unlawfully because  
10 the DoD were given no right by the Judge and his order to sever the documents. I will have to deal with that and move on. Then come to my page 2 and the combat suite. Paragraph 8.

ADV SIBEKO: Our page 969.

DR YOUNG: Read that:

- 15      *“Combat Suite Sub-Contracting Model, we take note that there is no price difference to us between the so-called part B segments and the co-called part C segments in that your offer includes a large cost redact out for the shift of just two segments being communication and electronic warfare to your schedule and performance responsibility from*  
20 *the situation pertaining in your offer of 7 April 1999.*

We consider it bizarre that you should offer as a sub-contracting model with is **more expensive** than the acceptable model of 7 April. Your sub-contracting model has therefore revert to the price and condition situation offered on 7 April you offer amended accordingly.

- 25      *Will redact stuff out, more redacted stuff out...”*

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Here we come to the IMS which is why, one of the reasons why I wanted to address the issue of the 5<sup>th</sup> system and the extra functionality and hardware. Here is gives address not by me but the Navy itself right on 20, what are we talking about here, 25 or 24 May which I think stems  
5 back to December of the previous year when these prices were put in.

ADV SIBEKO: That information management system that you want to talk about is item 30 of page 970.

DR YOUNG: That is correct, yes.

*"Information management system: The offer of 7 April 1999 had an IMS  
10 cost at R47 million and R1100 00 included a fifth system. The state acknowledges by yourselves that the offer was actually a total of R42 million which is basically what we would offer. There is no rational explanation for the current price of R77 million and increase of 80% within a two month period. The current price is totally unacceptable."*

15 I think I might have mentioned I thought that it is R87 but is R77 million I think. Now there is a reference to a R47 million, a R42 million the one that I mentioned last time was of R68 million and then R90 sorry R89 million now it is R77 million. So I am afraid that I have been analysing this for 15 years but I am still confused as to how this came  
20 about and where it came from. Of course it was just as unacceptable to the Navy and the DoD as it is to me now. There is just no rational. If I may emphasise the Commissioner's point about, certainly if there is not a meeting and [indistinct] a reasonable basis that is understandable. There is no basis for these prices getting shunted around. They are  
25 mainly upwards as I have just read out.

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Then we come to item 14. The IMS study, I have talked about that before. This price is far too high for the envisaged work to be undertaken.

CHAIRPERSON: Maybe this might be the time to adjourn. Although I  
5 thought you were rounding up this point. Dr Young is referring to the  
IMS again. May we preserve that formally. Can we start on 09:00 on  
Monday?

DR YOUNG: If I may say, I would just like to carry on from this point on  
this document. We have not finished yet.

10 CHAIRPERSON: We can try and start at 09:00 on Monday. We will  
start at 09:00 not try [laughting]. Thank you. Let us adjourn until  
Monday at 09:00. We will start at 09:00. Thank you.

**(COMMISSION ADJOURNS)**

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**ARMS PROCUREMENT COMMISSION**

*Transparency, Accountability and the Rule of Law*

**PUBLIC HEARINGS**

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**HEARING ON 9 MARCH 2015**

CHAIRPERSON: Okay. Good morning everybody. Advocate Sibeko, I see it is 10 to 10 and I thought, we agreed that we will start at nine.

ADV SIBEKO: Good morning, Chair, Commissioner Musi, the record  
5 will show that I was here at [indistinct] and we, we, so was the witness. The team from DOD was noted here at nine [indistinct]. There were quite a few people here, at nine o'clock. We were waiting to get started.

CHAIRPERSON: Ja. But, then, you have not explained to me, why we start at only 10 to 10, if everybody was here at nine?

10 ADV SIBEKO: I am not quite certain, Chair. I, I do know that Mr Baloyi was here at about 20 past nine, to find out if we could start and I said, we were then waiting. We could start. I am not quite certain why we did not start at the time we were supposed to start.

CHAIRPERSON: Okay. Thank you.

15 **RICHARD MICHAEL MOBERLEY YOUNG**: (s.u.o.)

ADV SIBEKO: Thank you, Chair. Before the witness continues with his evidence, I need to place a few comments on the record. Shortly after the adjournment on Friday, my colleague, Ms Sello, approached the legal teams, representing, amongst others, the DOD and other  
20 parties, who have an interest in the matter and advised them that the team was still finalising copying the documents that we intend to provide on, in giving the testimony of Dr Young.

The further undertaking that was made was that the rest of the bundles would be scanned and placed on the Commission's website.  
25 So they can have access to the documents, we intend to rely on that we

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lead Dr Young, even before they come through today, in order to enable them, to be able to follow the statement, with the documents referred to.

I was telephoned yesterday evening, at about eight o'clock, by Ms Nhlatolo, yes, who advised me that during the course of opening the documents and because of the volume involved, the paper that had to go through the machines, both the photocopiers of the machine broke down, as well as the scanner. So, that exercise was not completed and we could not live up to the undertaking that we had made, to the various teams on Friday afternoon.

10 So, it, I would imagine that would have placed them in the position that they were not able to have access to the rest of the bundles of document that we intend to provide them. I thought I should just bring that to the attention of the Commissioners.

Having done that, Dr Young, if I may turn to you, when we adjourned, or shortly before we adjourned on Friday, we were, you were giving evidence, in respect of the ADS's best and final offer that resulted, or elicited a response from the Department of Defence. That you were in the process of giving evidence, in relation to annexure RMY 30, which appears at file three, of the bundle of documents. At the time we adjourned, you had just finished dealing with the issue of the IMS. Do you recall that?

DR YOUNG: Yes. I recall that.

ADV SIBEKO: And when we adjourned, you were about to start dealing with the system, management system of the combat suite.

25 Would you like to take it from there?

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DR YOUNG: Yes. Okay. I shall do so. Also just to put on record, I do not have, I only have my digital documents. I do not have the paper documents, with the evidence bundles in front of me. Okay. Where we left off, sorry, just wait a minute.

5 ADV SIBEKO: Do you have a copy of your statement?

DR YOUNG: I have my own copy of the statement and I have my digital copy, copies of the evidence documents in front of me.

ADV SIBEKO: You, you will notice that, the aspect you are dealing with appears as from page, paragraph 225 of your statement.

10 DR YOUNG: Yes. I, I am aware of it. I am just putting it on the record that I do not have either a Commission witness statement or evidence bundle. So, I am working off my own witness statement and I am working off my digital copies of my evidence documents. It is just for the record. I am not making any point of it.

15 ADV SIBEKO: You can continue then, with your evidence.

DR YOUNG: Okay. We were at paragraph 13, which is the information management system. Now that I come to think of it, I do not think that we quite finished the whole thing, because we, I do not think I addressed the IMS study. But, be that as it may, just to, so that there is  
20 a, a proper, rather have an overlap than a gap. Item 13 on this letter addresses the information management system and it is a particularly important point.

ADV SIBEKO: At, Commissioners, the annexure we are dealing with, appears at page 970 of the bundle of documents. It is file three. The  
25 paragraph number we are dealing with, the information management



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system that the witness is referring to is at page 970 of that. You may proceed, Dr Young.

DR YOUNG: Okay. I have, the paragraph 13, covering the IMS says that:

5       *"The offer of 7<sup>th</sup> April had an IMS cost at R47 million and included a fifth system and mistake acknowledged by yourselves. Thus the offer actually was a total of R42.860 million. There is no rational explanation for the current price of R77.15 million, an increase of 80 per cent, within a two month period. The current price is totally unacceptable."*

10       What I would like to say is this, when I wanted to address the IMS, the best and final offer, which is just before this, in my witness statement, I was, my our documents were pointing at the incorrect document, being the MDS best and final offer, rather than the IMS one. I did say that it was a discovered document and indeed, it is, it is there. Although I  
15       stated the price, that the IMS best and final offer had, just for the record, the discovered document has an index DT 1-0429. We might come to it again, but it, but it, this price that we are talking about here, of R42 million, basically is either identical or, or the same as that price. So, that explains the, my emphasis on the, on the difference in price, between  
20       the R42.8 million and the R47 million. If I, If I may say, myself, it is indeed unacceptable, just from the simple point of view that it is indeed, a mistake. That R47 million actually comes out of a, an offer that we submitted on the 22<sup>nd</sup> of December, in response to a request for offer, I think, it was the, from ADS on the 15<sup>th</sup>. So, for whatever reason,  
25       whether it was inadvertent or not, the same prices were still in, despite

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them requesting a best and final offer and us giving us, giving them a price. For whatever reason, I do not know, but it is effectively a fundamental mistake. Because, of course, it exacerbates this whole issue of this, this very substantial price increases, which eventually led to the deselection of our IMS.

ADV SIBEKO: You then deal with the IMS study, at paragraph 14. What does that relate to?

DR YOUNG: Yes. Once ADS and Thomson had started viewing, you know, for want of a better word, the IMS in a negative light, regarding risk, I am talking about here, as we talked about on Friday, commercial risk or, or business risk, there was obviously, interactions going on with the project team and probably the GFC about a mechanism for addressing that risk. Although I was aware of something at the time, nothing, nothing was, there, nothing was address to me. I was not engaged on this at all. But, what is clear is that an IMS study had been proposed, by somebody and the price put to it. In fact, so, obviously, the price being put and I will tell you, it was a price of R12 million, because it will come, come to that annexed. But, what this responds to, to ADS's, it is that what it says:

*"This price is far too high for the envisaged work to be undertaken. It is our considered opinion that this item should cost less than R10 million."*

You know, if I may say so myself, as an expert, I would totally agree with that statement. In fact, one could divide it by half and it still would have been sufficient.

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ADV SIBEKO: What does this IMS study relate to, in particular?

DR YOUNG: I am a little bit more aware of it, having read the documents, you know, in my preparation for my various legal actions, including this one. But, there seems to be a, they were going to get an  
5 independent expert. I do not know whether the, I am aware of a particular name or entity, but a company or, or an individual, but completely third party, having nothing to do with this. My guess was, probably not even a South African party, because there are not too many experts in, in this particular field in this country. Then, work  
10 together with the GFC and ADS's experts, system engineer experts, as well as ourselves. That is somewhere in the documents, I do not know even where they are discovered. I am probably sure they are discovered. I do not know where they are discovered, or whether it is a produced document. There is indeed a, a kind of a time line that depicts  
15 the time schedule, over which this IMS study would be, would be undertaken. So, obviously, it was a, it was a fairly well considered proposal, other than, of course, the price.

ADV SIBEKO: Thank you. Now, before we go to paragraph 226 of your statement, where you introduce the risk premium that was attached  
20 to the price of the C Square I Square Systems, IMS, is there any point you need to deal with, in this document, RMY 39?

DR YOUNG: Yes. Although it does not necessarily, directly involve the, the IMS. We have got the document in front of us and it certainly is relevant to both ADS's best and final offer and, which we are coming to,  
25 unfortunately, next, as well as the project team's response thereto. So, I

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think, it is a, it is a practical approach to address it right now, while the document is open in front of us.

ADV SIBEKO: Can you proceed to do that?

DR YOUNG: Okay. The next point after 14 is the system  
5 management system. Of course, that is not just that I want to address that, the SMS and the other points that I come to, are individual self standing aspects of my evidence, which I address in more, far more substantial detail, later. So, it certainly is appropriate to, to address it now, as a kind of reference point, or point of departure. That being said,  
10 talking about the system management system and it also goes to show this strange pricing methodology that I mentioned on, on Friday, as kind of being, I think, all over the place, but mainly upwards. Anyway, this response to, from the JPT, joint project team, says:

*"On the 16<sup>th</sup> of April 1999, ADS offered the SMS at R29.647 million.  
15 In the scope of supply of this offer, there are four digital video recorders, listed in the scope of supply. In the current offer, the SMS price is listed at R30.756 million and the dvr"s are listed at cv, which means customer furnished equipment, which comes free. The current offer is unacceptable. Kindly offer the same price and scope of supply of 16  
20 April 1999. Kindly also clarify the remark that there is no."*

And that particular, the rest of that phrase is being redacted unlawfully and then I cannot make out what that is. Now, if, at this juncture, if, if I may say, I cannot quite remember what he have traversed so far, but, so just to put it into the context is this ADS offer of the, the SMS was a  
25 competitive offer with our own. We were put to the post, only after there

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was a 12.5 per cent mark up added to, to our price. At that stage, we just, just were underneath the, sorry, we were slightly, slightly over at the ADS's price. I have not analysed it recently anyway, in terms of this increase in price. But, it just goes to show that after there is competitive  
5 bid prices do not still seem to stay the same.

ADV SIBEKO: Now, if I may then direct your attention to what were the subject matter that you are introducing, that is the price with the risk premium that was attached to it.

DR YOUNG: No. If you do not mind, there is still more, as I said,  
10 there was not just the SMS. There is a whole bunch of relevant aspects. I have highlighted them in my digital version. But, you will be able to see that there are blocks. They were red blocks. They are now probably black blocks around various other points that are very important and relevant to address, as at least an introduction where, at  
15 this point.

ADV SIBEKO: Can you just take us through those points, quickly?

DR YOUNG: Okay. This is a brief one. We have talked about the combat management system before. This is addressing point 18 and there is something that does not mean a lot to me, but it is certainly  
20 obviously relevant and that is what I have highlighted in the block there, the pdf block as Aero Speciale decision and its met functionality. I am not sure what that is. But, certainly it is part of the combat suite architecture and the way that the combat management system connects with the surface to surface missile, at least, as control system, which  
25 certainly is relevant, for a later point. Then, if I may come to item 20.

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Similarly to the system management system, the JPT, joint project, of the Armscor, Navy, DOD joint project team requested a competitive bid for the navigation distribution system and that was where our price was substantially lower. Something in the region of 12, our price of about 5 R12 million odd, compared to ADS's price of about R18 million. Certainly, my impression, at this stage, was that the, the C Square I Square MDS had been selected. Certainly, documents, which might have been subsequent to this, which are also on the record, certainly discovered documents, show that very clearly. In fact, we eventually 10 won, won this and we executed this contract. So, we must have won it. But, this is also to show the conduct of what was actually happening at this time. It was actually bizarre conduct, if I may say so. Anyway this response says:

*"Based on an offer of CCII, received on the 16<sup>th</sup> of April 1999, the cost 15 for this subsystem, including the ADS fees (this is the 12.05 per cent margin that was added) was calculated to be R15.492 million."*

That is our R12 million odd, with the 12.05 per cent added to it:

*"The current offered price of R22.040 million is therefore unacceptable. We expect the most cost effective solution to be offered, 20 not exceeding the R15.4 million now, to price offered to us for the subsystem, less than five weeks ago."*

So, it shows even though ADS had been instructed that C Square I Square System had actually won that, they still included their own. Whether I come to it or not, that certainly some of the spreadsheets, the 25 costing spreadsheets that are relevant at this time, also show, despite

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the decision having been made, that the ADS system, at this price was still included. I have not quite finished yet. I am just giving myself a break and you, you an opportunity to say something.

ADV SIBEKO: If, if one has regards to the comments, made by the DOD in this letter, with regard to the prices that were included in the best and final offer that was presented by ADS. Is, is it fair to conclude, perhaps that the best and final offer, that was submitted presented prices, which were outside the budget, or the ceiling that was set out and approved by Cabinet, for the acquisition of the combat suite?

10 DR YOUNG: There could be no doubt about that, whatsoever. We, we are going to be addressing that, in the documents, coming up. But, just, seeing it is Monday and we last traversed this on Friday and there, in the spreadsheet that I showed, just preceding this, I have indicated, what is now referred to as the April price. That had a price, excluding  
15 VAT as R2.607 billion. I think, if you would include VAT to that, it comes to just over R3 billion. Now, just to emphasize your point, the Cabinet approved a ceiling budget for the Corvette combat suite in April, or May 1998 figure, following the comprehensive cost and risk audit undertaken, was R1.470 billion. If one escalated that to the December, now when  
20 we talk, we are effectively talking about now, a December financial base line. If one escalated that, in fact, it is addressed in one of the ADS letters coming up, that it be more detail that could have been R1.9 billion. So, at this BAFO stage, we are talking about difference of R3 billion to R1.9 billion. In fact, the ADS letter, which I will address actually  
25 talks about a reduction of R1 billion. The, so to answer your question in

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a nutshell, it still far, far, far exceeds the, the base line and the expectations between the, the negotiating parties, at this stage. Even though this was a BAFO, a best and final offer, it was still, the prices were still very, very substantially reduced, by at least, at least R300 million, if not more, in, in another round, which I am going to address shortly.

ADV SIBEKO: Could you then just deal with the last issues that you need to deal with, in this letter? I see, there is quite a lot of reduction, in the document that you gave me.

10 DR YOUNG: Yes. A, very, very unfortunately, because I will come to the next point, at 26, on my pdf page 4, so it is the fourth page into your document in the bundle. Although the heading is not redacted, the rest of it is.

ADV SIBEKO: That paragraph appears at page 971 of the bundle. So, 15 you may proceed.

DR YOUNG: Yes. It is in the, greatly unfortunate, because I have now had to work not, not with, just with guesswork, but with a multi various repository of various documents, referring to the SSM and the prices in the, and the quantities, et cetera. If I may put on record, at this 20 stage, it is also a, a document that I specifically requested for the purposes of these proceedings. The, the documents regarding the, the actual request for offers and the responses from the supplier, being Aero Speciale and these documents, despite me requesting them, I think, going on two years ago, I have never received. So, I will be working on 25 the SMS from, from what I have. What I have is also [indistinct] in the



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critical areas, such as this.

ADV SIBEKO: Okay. What issues do you want to raise, with regard to the surface to surface missiles?

DR YOUNG: I will certainly later, it is a very major point. It is a self  
5 standing theme of my witness statement. But, that will be addressed in that them, when I come to it. But, it, I will also be addressing it, very, very shortly, in the next two or three documents that I will be addressing, after, after this one.

ADV SIBEKO: Would this then be an opportune time to leave this  
10 document and proceed with the other aspect of your statement?

DR YOUNG: Yes. I think, that is fair to say that.

ADV SIBEKO: You can then deal with the, the risk premium that you referred to, at paragraph 226 of your statement.

DR YOUNG: Yes. Just to gather my own point together, at, up until  
15 around about this, this stage, the, the base line for the combat suite, we talked about base line at some length on Friday, included the IMS. The spreadsheet, something I omitted to say, when showed the previous spreadsheet, the one that referred to that price to be R2.607 billion, that had an IMS price there. IMS was indicated. What I did not say is that  
20 the competitive product to the IMS, being this Detexis system from, from is it maybe Aero Speciale, at the beginning, which became the Thomson system, was indicated on that spreadsheet as well, although it did not have any pricing. So, clearly, there was something in the works, right from those early stages of, of April. I think it was around about the 7<sup>th</sup> of  
25 April. Be that as it may, it is at this stage that the various price

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increases, unexplained, many of them, wrong, some of them wrong, lead to this price that I referred to in my paragraph 226, of R89.255 million. That was the price, based on our best and final offer price. That is why I emphasized that point, a little while back. Our price, being  
5 about R38 million, excluding VAT and then with the mark ups, that were, ADS were allowed to, to add, for system level integration, integrated logistics support, et cetera, that came to around the R44.3 million, which I referred to, in 226. Then, if one does the arithmetic that clearly means that, that there is risk premium of R44.9 million, to bring it to the offered  
10 price of R89.255 million, at this particular point. Now, that, that is for the risk premium, which included the R10 million, referred to, in the previous letter. It is actually R12 million, as quoted by ADS.

ADV SIBEKO: Would it then be, would it then be fair to infer that, with the risk premium, of R44 950 000, being lumped onto the price, which is  
15 your best and final offer, the price that was arrived at for the IMS for CCII Systems" IMS, that price became uncompetitive?

DR YOUNG: Yes. Maybe uncompetitive as to, it is not a strong enough word. It actually became untenable. In fact, it became so untenable that, at this stage, we are talking about the 26<sup>th</sup> of May. It is  
20 actually the, you will see that the BAFO letters that I am going to come to, are dated the 26<sup>th</sup> of May 1999. This issue was taken to a MINCOM, the Ministerial Committee meeting of, whether it is the 26<sup>th</sup> or the 27<sup>th</sup> of May, but anyway, I am not sure. But, it was at this stage, it was taken to the Ministerial Committee, where the IMS was particularly addressed  
25 and this particular issue of cost and risk was addressed. This issue was

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taken, by, I think, it was formally on the record, with the record of the, the, the notes of the meeting. It might have been put verbally, by Jayendra Naidoo, who was the Chief Negotiator. But, it was, in support, in support there, was Chippy Shaik. So, Chippy Shaik clearly took this  
5 issue to the Mincom. They made a decision that the price could not be increased. Now, that is quite a, a significant point, because, when I come to the analysis of the prices of the combat suite, in the next, the next few, the next few points after this, you will see the significance of that. Nevertheless, they made that decision that the Department of  
10 Defence or the budget, the ceiling budget could not afford to carry that extra cost. Basically, that was, at least, the beginnings of the end of the IMS in the base line.

ADV SIBEKO: Now, based on the price that had now risen up or increased to R89.2 million for CCII Systems, IMS, was your company  
15 requested to furnish any guarantee for the risk premium that was sought?

DR YOUNG: Well, if I may, may just correct you. The issues of guarantee and risk are actually separate issues. So, it will be in this particular context. I will answer them both. We have been addressing  
20 the requests for offer, both from the Joint Project Team to the Consortium, the early days it was to the GFC and later, when it would become clear that ADS and Thomson were joining that Consortium, at a higher level Consortium, there were requests from ADS to us for best and final offers. In this particular instance, we have addressed to some  
25 detail, the request from the JPT to messrs GFC and ADS for best and

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final offer. Now, I am unaware, maybe I must look in the fine print, but I am not aware of any specific requests that the risk, either be specifically requested, as a, as a kind of extra, or identified as a separate partner. Going back to Friday, we remember the, or maybe even Thursday, we remember the, the very detailed cost and risk orders, in a format that the, the JPT requested. Although they request us to address a risk, there was no addressing of risk in quantitative terms. Okay. So that I can say that I am unaware of ever being asked, to provide risk, a risk provision in financial terms, independently. In terms of the performance guarantee, that is something different, in certainly, in this context. I will also say, because that comes up as a, an important point. Actually, quite later in the, in the chronology of the, this total acquisition, in fact, almost, at least, several, several months later, there is an indication from the chief executive of Armscor that we were asked for performance guarantee. Now, that is actually, excuse the, it is, it is actually nonsense. We were never asked for performance guarantee, in this bidding phase, whatsoever. I still want to carry on with 227, but I will give myself a break.

ADV SIBEKO: After you deal with this risk premium and the price that was eventually required of the, of your company's IMS system, you then deal with the price, in respect of which the Detexis system, as you point out in paragraph 227 was quoted in the best and final offer. Please take us through that and advise what became of that?

DR YOUNG: Okay. As 227 say, with this untenable price of R89 million, clearly ADS and Thomson together had for actually a long time,

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been talking to this other company, Detexis. Initially it was a subsidiary of Dassault, Dassault, Dassault, but it, it became a, well, I do not know, a 100 per cent owned Thomson group company. It is, my understanding is that their system was also incorporated with the, the Thomson's

5 Tavitac combat management system. I am not sure of that, but I, but I, that certainly had to have something in there. But, in any case, so this became now a competitor, the, an alternative to the IMS. Quite, where they got the, the price of 42, 49, it is not actually not R49.5 million. It is actually R49.255. Where they got that price, I have got no idea. But, it

10 was slightly higher than our own price and a lot less than the ADS's price. So, of, clearly, it was much more attractive. But, I think, this is the relevant stage, just to address the point of not being asked to include a, a risk premium. In this, in these, the proceedings of this Commission, one of the witnesses has addressed this point and it is

15 recorded, in the transcript of his evidence. That witness says Admiral Johnny Kamerman and I have got that document in front of me, my understanding is that those documents are, are on the record. Certainly, if anybody wants to actually get the physical document, they, they can have them later. But, it is, it is on the record and if I open that, that

20 document up to the relevant point, I can read that particular response.

ADV SIBEKO: Now, could you please describe that document and perhaps where it is obtainable from the record and what the nature of that document is?

DR YOUNG: Yes. It is a document that I actually got in two forms.

25 The first form is on the Commission's website. Basically, they refer to it,

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by, by date. In fact, I have concatenated the two transcripts of the, of the two different days that the witness gave that evidence. It was the 26<sup>th</sup> and 27<sup>th</sup> May 2014. Unfortunately, the pdf version that was provided to me, was unusable, because for some strange reasons, when it was printed to pdf, it prints alpha numeric characters with the space in between, which makes it impossibly, impossible to digitally search anything in the document. So, I requested the Commission in the, the person of Advocate Mdumbi, who is the leader of research, to provide me with the original of that. I did not expect to actually get the word version. But, I was given the word version, which I have converted to, to pdf and that is the version that I am using in front of me, because that is a, it is converted to pdf, by me and it does not have all of these crazy spaces in between, in between each of the, of the alpha numeric characters, making up the text.

15 ADV SIBEKO: What is the document, you are referring to?

DR YOUNG: It is basically the transcript of Admiral Kamerman's evidence that he gave, before the Commission on the 26<sup>th</sup> and 27<sup>th</sup> of May 2014.

20 ADV SIBEKO: Do you have the page numbers of the relevant passages of the transcript?

DR YOUNG: I certainly, I certainly do.

ADV SIBEKO: Could you furnish those page numbers for the Commissioner's reference?

25 DR YOUNG: I start reading from about halfway down. But, it starts on page 6275. As you know, in the header of all of these documents it has

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got APC, in bold underline, the top left hand side and then the page number. Then it says public hearings in capitalised, bold and underlined, then the dates, the 26<sup>th</sup> or the 27<sup>th</sup> of May 2014 and then phase 1. That is the document, to which I am referring.

5 ADV SIBEKO: So, the page, you said, is page 6275?

DR YOUNG: 62, sorry, maybe I am dyslexic, 6257.

ADV SIBEKO: And it is 6257 to page?

DR YOUNG: The next page, 6258.

ADV SIBEKO: 6258. You can deal with that now.

10 DR YOUNG: Okay. It starts at line 15 of that, of the record, of that page of the record and he says:

*"Secondly, and I think that that is the nub of the whole thing. We wanted C Square I Square bus on board, because we had fed this child for 7.8 years. As a result of him not placing the risk premium in this*  
15 *offer to the main contractor, we were left with this [indistinct]. He was the only company of the 18 South African companies that bid their systems to the main contractor. That did not allocate a risk premium for the development of these systems."*

Sorry, the arrow makes it jump down the whole page:

20 *"I have listed in my statement a whole list of companies, such as Denel, which accorded almost R100 million, because of the [indistinct] was immature."*

I suppose he means the system or the technology was immature:

*"And they put that in their price. That was the price the State (I am*  
25 *going onto the next page) was actually going to have to pay, through the*

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main contractor. Richard Young never put a cent on top of that, because he said: „My bus is technically proficient. It is my bus. It arises from my work, being done, as a Phd and it has no technical risk.“ We would, we tried very desperately to convince him that it was not so and it was not a technical risk per se, of getting data from one point of the vessel to another. It was the corporate risk of the main contractor, having to assume the risk of performance, with this bus, this immature bus on board. As a result of that, it was decided that senior members of the Navy and Armscor, in this case, the CEO of Armscor and, and our Navy officer, as Admiral Howe, just below the Chief of the Navy, Admiral Howe, to go and try to reason with Richard. We had tried to reason with...”

Now, there are a lot of extremely, extremely interesting, important things, in that one and a half, or that part, two half pages of evidence.

15 ADV SIBEKO: What are they?

DR YOUNG: Well, the first is that we, that this child was fed for seven to eight years and that concords precisely with my evidence. This was 1999, and we are going, the development, system engineering, both technology development, technology retention and system engineering for Project Sitron had indeed, been going on for those seven to eight years. In those seven to eight years, we had developed this thing, the IMS far, far, far further than the technology demonstrated. In fact, to be honest, to be frank indeed, I never knew that I was developing a technology to a demonstrator. We were developing a system, to put on board a Naval frigate, or a Naval Corvette. That is why we had gotten



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so far. If I go for a slighter side, which is relevant, I talked about the system data bus that we developed, under Project Winners, Project Rick for the submarines. It is traditional in this kind of engineering, system engineering that the glue, the integration mechanism that puts the

5 system together, nearly always runs two years ahead of the rest of the systems, in terms of both system engineering, definition and development. We, I can say, we were actually running far, far, more than two years ahead of the rest. It does come up in the evidence. But, we would have finished the system engineering and development, to all

10 intents and purposes, by the end of this year, 1999. That, it is referred to as coming to milestone three. We got to milestone three, much, not much later than this, where the system is basically fully tested. It is not fully qualified and on board a vessel, because no vessel exists, not even an integration test would exist, at this early stage. But, the, the IMS

15 was, was a fully developed system. The, the next thing is the contention that, that Admiral Kamerman, he said was the only company that did not do so. Well, there are a couple of reasons for that. First of all, we did not, we had asked to do so. Secondly, we did not need to do so. There were two years of cost and risk orders. There was plenty of opportunity,

20 if there had been, seemed to be a residual risk, then being required or recommended of making sure that risk is, is catered for, in financial terms. But, as I read out, from the cost and risk orders, last week, that the risk was, was determined as being low. That was the, the DOD's own position of risk. I certainly could never counteract that, saying, well,

25 it is not low, I am adding on my own risk. How do I justify the risks that,

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oh, sorry, the costs that I have been putting in for, for years? I think it was R29 million and then R38 million and whatever. How do I suddenly start jumping to R49 million or R89 million, based on risk, I mean, based on what kind of risk? Certainly, there was no business risk for me. Also, 5 that there might have been some talk of risk, that I have talked about earlier this morning. But, there was never any direct approach, as to us saying, the gentlemen from C Square I Square, there is this risk, address it properly. There was loose talk, about risk, with us. There might have been tight talk with ADS. But, certainly, we were not even 10 involved, at this level. We were, the only involvement we really had, was responding to our, to the ADS best final offer, request for best and final offer. I can give myself a break there. I still have got more to say.

ADV SIBEKO: From the passage that you read, I, I seemed to pick up certain suggestions, relating to approaches, being made to your 15 company, to make provision for the risk. Do I understand your evidence correctly, when you say, there were no such formal approaches?

DR YOUNG: There were absolutely no such formal approaches and the only approach and it is actually, I, I took notes of this meeting. It was not even a, a properly, you said it was in a meeting. It was a get 20 together, if I may say so, in the Admiralty House, with Lu Swann, the CEO of Armscor and Admiral Howe. In that meeting, even though, even though Lu Swann refers to them asking us to provide a risk provision, they actually did not. It is just something that he concocted later. When I say that, when I say providing a risk, a, a provision for risk for the IMS, 25 what, what is on the record and just to show you the ludicrousness of

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this, he said, is that they asked us to provide a risk premium for the whole combat suite. We, we will come to that letter. It was a letter, written by him, after he had left Armscor. I think, it was a letter written by, by Chippy, Chippy Shaik. Sorry, sorry, not by Chippy Shaik, to

5 Chippy Shaik. But, just think of the ludicrousness of it. Even if we were asked to provide a risk premium, we are being asked to provide a risk premium for a R2.6 billion combat suite, when we are offering a R38 million, excluding VAT, price for an IMS. Our, our, the profit that we might have made on it, gross profit or net, might have been, I mean, 30

10 per cent. Say R38 million, say R12 million, R13 million, net profit half of that, at best, 10 odd, only a five, R10 million profit. What company, what company MD is going to provide a risk guarantee for a R2.6 billion? It is so ridiculous that whatever, whatever evidentiary value that letter might have, it has got no logical value, whatsoever. If I may, just one, I do not

15 want to loose my train of thought. But, anyway, that meeting was held, I think, it was actually held, following the August 1999, now we are talking about May 1999, the August 1999 Project Control Board meeting, certainly one of these Project Control Board meetings, that instruction to meet with me was held. I, that is where, it was called a get together,

20 because it was not a meeting. It was held, not shortly after that. But, that is far, far, far too late, to be addressed and everything, regarding risk, where there is risk for the entire combat suite, or more appropriate, appropriate, as it should have been, asking us for, a provide risk, a premium, or risk addition or risk contingency for, for the IMS itself.

25 ADV SIBEKO: So, I understand you correctly, to say that the letter that

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was sent was requiring C Square I Square to provide a risk premium for the entire combat suite or for the IMS that it was quoting for?

DR YOUNG: No. That is, just to be clear, this was not a letter sent to us. This is a letter that I have discovered. It was a letter sent, I think, from Lu Swann to Chippy Shaik, after Lu Swann had left Armscor, where he recalls discussing this risk premium. I am, I am working now from memory, I am not 100 per cent sure. Anyway, what I will, what I will categorically say is that we were never requested, in writing, to provide a, a risk premium. This is just a recall of something, by the by. May I carry on?

ADV SIBEKO: Yes. You may.

DR YOUNG: Okay. Now, the point of, is, is as Admiral Kamerman says, Richard Young never put a cent on top of it. Well, I did not put a cent on top of it that was, that was visible to him. It is not as though I am trying to allude to anything that I was doing. We do not necessarily put a, when, when we deal with risk, we do not necessarily only deal with, if I can just put lump sum money, cash on top of it. But, the risks are, risk can be handled in many different ways. Here, we already had all the hardware, for the development of the IMS and all the hardware that still had to be bought would have been bought under the project. So, there was no necessary, nothing, no necessity to make a provision, even for, to set aside money, to provide anything. Everything was involving, let us call it, intellectual property development. So, certainly, there would have been sufficient man hours, which of course, could then be included in the, in the IMS best and final offer, in the budget. There

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certainly were sufficient man hours to complete the development, to complete the formal qualification, for the IMS and for some kind of contingency for things, not being done. So, it will be a completely incorrect statement that no risk had been provided for, at all. It certainly  
5 was not cents worth, it was maybe man hour"s worth. But, also, his contention here, I have to be honest, I have to be frank. The thing about my response, as being a: „My bus arises from my work being done as a Phd.“ This is complete unadulterated nonsense. We are talking here, of 1999. My Phd was handed in, in July, I think, it was the 8<sup>th</sup> of July of  
10 1996. That is three years before this. The work done, was finished, almost, almost a year before that. I was only, if one takes six months to a year to write up a 450 page Phd thesis. Okay. Indeed, most of the work actually, had come out of, more out of my Msc, because that was done in 1992. So, there was never any discussion, whatsoever, with  
15 Admiral Kamerman that he would be allowed to quote me, as saying that this risk issue has got anything to do with my Phd. It is, I have to be honest, this is completely, this is, this is just the truth.

ADV SIBEKO: Is there any further comment you need to make, with regard to the passage?

20 DR YOUNG: Yes. Let us carry on from there. We tried desperately to convince him. This is also, it just is not the truth. There, there was no desperate, if there was anything desperate, it would have been done on paper. Whether, or maybe a, one could say that at this point, the JPT is not, is a level six entity. It is not communicating with level three. We  
25 were a level three and sub, sub, and so I see there is a context of us

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only being only a sub system somewhere, level two. So, we, we get dealt with by GFC or ADS. But, there is something, there was something desperate here. Now, we are a base line system. There would surely have been something in writing, to say we definitely need  
5 you to increase your price to, to risk. But, anyway, like many of the, the statements or averments that come up that are totally relevant, this is totally bald. Where is a reference in the, in the evidence documents that are supporting this witness statement, or at least, the transcript of the oral evidence that supports such a contention?

10 ADV SIBEKO: You have dealt with the passage now, exhaustively. Or is there anything else you need to add there?

DR YOUNG: No. I agree, it is exhaustive in just, just in this particular context. But, it will probably raise itself again.

ADV SIBEKO: Shortly before we resumed the proceedings today, you  
15 requested certain letters to be printed that you needed to refer to. Would this be an appropriate time to refer to those letters, or perhaps after tea?

DR YOUNG: It certainly would, in the terms of logic, being the chronology an appropriate time. But, I am not 100 per cent sure,  
20 whether there were two, the ones that I indicated to Advocate Sello that were very important to the, the statement coming up. I am not quite sure, whether those have been printed. I know there were photocopy problems. But, certainly, if they have not been properly printed and numbered, then this would be an appropriate time to, to break, to allow  
25 that to happen.

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ADV SIBEKO: Chair, there are letters that have been copied, which, I think, deal with the theme that the witness is testifying on now. Copies have been made. We would just like to, perhaps number them, for purposes of the record, so that we can, we can deal with them properly.

5 Would this be an appropriate time to take the tea adjournment?

CHAIRPERSON: Advocate Sibeko, I insist 10 to 11. I think, maybe go to the next point, because there are only 10, breaking for tea at quarter past 11. We need to make up time.

ADV SIBEKO: As it pleases the Chair.

10 DR YOUNG: Okay. If I may say, that is not bad at all, because we do not have to come to those two letters straight away. Because, as my witness statement says, we still have the, the document, indicated as RMY 97. Certainly, to traverse that, I did not know tea was going to be at quarter past 11, but we that, without, without losing the chronology of  
15 this evidence, we can carry on with that, before having, having to go to a completely different point.

ADV SIBEKO: Now, paragraph 227, I think, we have dealt with this.

DR YOUNG: No. We have not dealt with 226 yet. Oh. Sorry, my, sorry, sorry, you are right. My curser made an eight look like a six.

20 Sorry.

ADV SIBEKO: We, we then go to 228.

DR YOUNG: Sorry about that. Okay. I now have the, in front of me, and it is in evidence, a document, indicated as 97, which is, we are going to come to it in the future. So, it is, looking forward, in your  
25 bundles. So, maybe I should just stop, to make sure that you can,

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because it is not the next one in the, in the bundles. But, it might be in a, I am not even sure, exactly where it is.

ADV SIBEKO: Are you looking for RMY 40?

DR YOUNG: I am looking for RMY 97.

5 ADV SIBEKO: Dr Young that would appear at the end of paragraph 466 of your statement. Would that be correct? It is page 117.

DR YOUNG: I think so, because I have got a note here, looking, looking forward. But, I do not want to go there and then I will lose my place here. But, I, I do remember it comes up in one [indistinct] so I  
10 would guess so, yes.

ADV SIBEKO: Yes. In terms of the quotations made, that is RMY 97. That appears, that annexure is at, in file five, at page 1858. Dr Young, the document you are referring to is a letter on ADS letterheads, dated 24 May 1999. Is that correct?

15 DR YOUNG: That is correct, yes.

ADV SIBEKO: Alright. What is it that you want to deal with in this letter?

DR YOUNG: Quite a lot of things.

ADV SIBEKO: You can start now.

20 DR YOUNG: Okay. It is a letter addressed to the Project Officer, Project Sitron, Captain Kamerman of the Department of Defence. It is a best and final offer for the Project Sitron combat suite. What, it is certainly a letter regarding it. I, I, and whether it is the, where it is the whole best and final offer, or not, I see it is 11 pages long. But, it  
25 certainly addresses their best and final offer. As I have first of all, stated



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before, I want to address the issue of the price increases, because it is so important to the deselection of the IMS. I also want to address the point of the, the price of the surface to surface missile and, and other, and other items, making up the price and making up the price increases and price reductions. As a starting point, as I have said, in my own witness statement, ADS's best and final offer, also proposed to remove the ammunition, which will include the surface to surface missile rounds, from the offer, in order to bring down the price of its offer, by approximately R300 million. It is not that I am saying so, that is what the letter says. I have quoted one particular sentence of it, which says:

*"In order to further close the gap, the removal of ammunition, except for the system qualifications, will result in a saving of approximately R300 million, at the level of acquisition costs."*

Now, if we start off at the, where it says close the gap, obviously, the gap, at this stage, is the expectation price. One can say, one of the expectations, might have been the R1.9 billion. There is various documents on the record, which I have discovered and I will be addressing, which shows that the expectation, at this time, was, well, at one time, at least, was R2.3 billion, with further price reductions expected, which would have brought it down to, I think, a maximum of R2.1 billion. But, certainly, a later expectation was the one, finally arrived at, which was R2.599 billion. I was talking around terms of R2.6 billion. At this stage, the, or what, the R2.6 billion excluding VAT. So, the, in the gap, there is a difference between around R3 billion and, and R2.6 billion. So, then, obviously, some fairly major things had to be

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done to, to achieve that. So, if I open the, the document here, we also have a ventilation of the whole issue of something that came later in the project, which was part b's and part c's. To put that in context, part b, well, let us just say the second part was the combat suite. Then that

5 further got divided down into that part, part b, which would be provided by Thomson and ADS and include the whole integrated combat suite and part c, which was the part, provided by the South African industry, which would then, there were the risk, would be taken by the State, that being the DOD, the DOD, for want of a better term. Then, once those

10 were fully qualified, they would be handed over to ADS and Thomson, as qualified subsystems and then integrated and then also becoming part, part of part b. That, then we can go onto the next more important is the paragraph, starting with we understand. Now, this is the ADS perspective:

15 *"We understand that the main driver is the price, which needs to meet the South African Navy and Armscor's budget expectations."*

We alluded, evidence leader, you alluded to that in the beginning, but, well, in this question:

*"Although every effort has been made, to reduce the price, to the*

20 *expected level (a reduction in price overall of about R1 billion) has been achieved through the reduction scope that you have accepted, as well as price reductions from our side. The enclosed price list, does not meet the expectation."*

Now, analysing this, it is clear, obviously that that is, it is correct. The

25 price does not meet the price expectation. Certainly, as we discussed

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on, on Friday, is that the Navy, in this one letter, I think, it was not the one that might have been part of this request for best and final offer, where it says that the Joint Project Team, representing the DOD, had accepted a substantial reduction in both quantity, or quantity and quality.

5 Indeed, that is true and it is actually ADS that is saying it themselves here. Although we might come to it, the initial prices that ADS and Thomson issued for this combat suite, in response to the expectation, the adjusted expectation to R1.9 billion, their initial quotes were R3.9 billion, just R2 billion more. No. Sorry, R1.9 billion to R3.9 billion. Ja.

10 More than the expectation. So, certainly, there were, had been substantial reductions in scope of supply to, to meet that. Certainly, I am unaware of any price reductions from our side, our side, being ADS's side. I have only seen price increases and I am pretty sure, that is borne out, by the previous letter that, from, written by Admiral

15 Kamerman that we have just addressed in some, in some length.

ADV SIBEKO: A discussion of that letter would then bring us to a, the aspect, relating to the evaluation and selection of the data bus. Is that correct?

DR YOUNG: Yes. It would, but before, I want you, I wanted to show

20 the next sentence, which is block, probably blocked, in a highlighting block, which is the one, which I read out. To me, it is highly interesting, if not fundamental. In all:

*"In order to further close the gap, the removal of ammunition, except for the system qualifications was, will result in a saving of approximately*

25 *R300 million, at the level of the acquisition costs."*

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Now, I have discussed the significance of the SSM and the pricing and the reduction, with which I was trying to deal to make head or tail of this. But, this is certainly a very valid indicator of where things are, or did go, or certainly were considered and that it certainly is one of the pointers, which I have used to try to come to my own conclusion. Now, as I have said before, by this stage the price had decreased from R3.9 billion to around about R3 billion or R2.9 billion. The whole issue of VAT is always problematic. I understand VAT, but I can never understand, whether figure include them or exclude them, not never, sometimes I do not. Anyway, it was fairly clear, as I said, the final price arrived at, was R2.6 billion. It just seems interesting that, by removal of the ammunition, of R300 million, they were able to achieve a price that was eventually agreed at, of just over, it was agreed at, at just over R2.6 billion, but eventually signed at just under R2.6 billion, at R2.559 billion. So, I think that this is a, this is an interesting point of departure for that particular ventilation of that aspect of the evidence. I do not need to necessarily belabour the point, but two paragraphs down, in the middle, there is the point I addressed about, about part, part b and part c. In this particular, particular point, you talk about part c, except for the IMS. Now, there is evidence showing that originally, the IMS was considered, as a, as a part c and here it is being included, as a part b. Then, there is a good reason where, well, maybe it is a good reason. But, certainly, one of the good reasons is that the IMS, which is, we addressed this on Friday, is now being included, within the Tavitec combat management system. The architecture is being changed, to basically include the IMS,

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within a subsystem, not as a combat suite element, but as an integral, now this is where it would be as a subsystem of the combat management system. Now, the combat management system was coming from France, or Thomson CSF from France, with some  
5 modifications. So, it is, it is clear, my clear tint of logic, as they say, legally speaking, if the IMS was now part of an element, which was part b, then it would also have to be part b. So, if it was part b, this is one of the reasons, why there was a risk premium added, to the IMS.

ADV SIBEKO: And would be responsible for a payment of a risk  
10 premium, in those circumstances.

DR YOUNG: That is correct, yes.

ADV SIBEKO: Now, my question is, who would be responsible, for payment of the risk premium in those circumstances?

DR YOUNG: Yes. I think, there are various aspect of looking at that,  
15 but maybe the *dae facto dae jure*, if that is the right word, one is now what Cabinet, Mincom, not Cabinet, Mincom said is that the State is not going to be paying for the, for that risk premium. Of course, they were prepared to pay for many other risk premiums, but not for, not for the IMS one.

20 ADV SIBEKO: Would your company have been responsible for the payment of that risk premium, in these circumstances?

DR YOUNG: Certainly, if we be asked for a risk premium and in fact, indeed, later, there is a letter, which addressed, with the various people, by various people, in this, in this particular forum and, and in SCOPA,  
25 with great glee, if I may say so. It certainly will, we will address that

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letter, where they refer to a risk premium, which I had determined, but if I say, at this point, so that nobody gets over-excited and, and getting me out of context. When I, when the ADS changed the architecture and included other, other things, we talked about on Friday. It is

5 unfortunately, technical things, like, bridge interface units and dual protocol stacks and all of those kinds of things. Basically this fundamentally changed, not only the, the technical base line, at that stage, but the base line to which the IMS had been developed and existed and design [indistinct] at that stage. Then, I talked about adding

10 a risk premium of 35 per cent. Okay. Now, if a risk premium at, of 35 per cent, at this stage, had been either added on voluntarily, by me, or in response to these desperate requests, by the JPT, either directly or indirectly then adding on a reasonable risk premium could certainly be done. But, I would never have added on a risk premium, of R49 million.

15 Because I just could not justify it. Possibly, the risk premium could have included a 10 or R12 million then for the IMS study. I do not quite know, how you would determine a, a premium for the IMS. In fact, I thought I do so in a very elegant way, in that letter, which, which I think, even Chippy Shaik addresses, in the response, the response to these, to the

20 Commission. I am sorry, just excuse me for a second. In fact, maybe pre-empting that letter, at this stage, what I said is that, there was still a, you know, we talk about 1999 now. By the time an IMS had to be delivered into the integration test bed, or even to ADS, to start integrating its own stuff, the IQR and reference set, or whatever, it was, I

25 think, I referred to on Friday. There was still, there was still a certain

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amount of time. It was not only a certain amount of time to address, to technically address these risks, but if and as Detexis had said, they had this disserta data bus, working on a French aircraft carrier. Then it should not be too difficult to do a technology insertion from there, you

5 know, into the Corvette combat suite, if our one failed. So, one of my proposals there was, we are talking about a reasonable risk, apportionate, in terms of money, in terms of approach. So, okay, well, it is going to cost some money, to do this risk reduction. You do not get that level of risk reduction at system level and I am not talking about

10 here, when I said earlier about having a contingency of man hours and sort out, that is a different issue. It costs money to sort out issues, risk issues, especially risk issues that are introduced by another party, this being ADS and Thomson, to suit their own ends, which is to include the Tavitec combat management system. That is the reason why there was

15 a risk. But, be that as it may, when I said if, if we embarked upon this, this CS 7 mod one architecture, which included the bridge interface unit and the dual protocol stack, et cetera, et cetera. If we did not get to it, within the time, the time scales that I was indicating, I think, was about two years and we, we then demonstrated a true risk, in terms of, of time

20 scales and cost and performance, which brought together, might add up to a true business risk or commercial risk or a level four risk or a five risk or a six risk or whatever. Then, we would withdraw completely, keep the money that we have been paid, which would not be that much, because we would have spent that money on, on risk deduction and not demand

25 any further money, or participation. Now, that is a fairly serious thing, for

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an MD of a company to say, who owns his own company. That, that is really, putting one's money, where one's mouth is.

COMMISSIONER MUSI: I am sorry, Dr Young, to interrupt you. Are we still talking about risk? I thought we were under the topic evaluation  
5 and selection, of the data bus. I, I suggest that we spend too much time on one aspect.

DR YOUNG: We, we, the, the, my evidence leader actually asked me a question about risk. So, I was responding to his question. I think, we still are, overall, on risk. But, I, I respond to questions put to me.

10 COMMISSIONER MUSI: And then, of course, no one wants to limit your scope of testimony. But, we have got time constraints, as well.

DR YOUNG: Unfortunately, I would have to address my evidence, as it is set out before me. Not everything is set out before me in my witness statement. I have got a lot of documents. I have to address my  
15 evidence, the way it is before me, however long it takes.

COMMISSIONER MUSI: I suggest you have to find a way, of trying to shorten things and get to the point. Look, we have been sitting here and we have dealt with only one, two, three paragraphs of your statement, since the morning.

20 DR YOUNG: I understand that. But, I have to put it on the record, seeing that you are asking, is for the last, I think, in fact, ever since I started dealing with Advocates Skinner and, and Sibiya is that I have said that my evidence in its totality, just testimony in chief, is more likely to last, something like three weeks. We are going to try and limit, limit it  
25 to much less than that. But, it should, nobody should be under any



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misapprehension about the length of time that it is going to take, to traverse my evidence properly.

CHAIRPERSON: Just as a, as a remark in passing, Dr Young, there is no Advocate Sibiya that we, that ever work for the Commission. I only  
5 know about Advocate Sibiya, not Sibiya.

DR YOUNG: I am sorry did I get my pronunciation wrong?

ADV SIBEKO: Alright, having dealt with that aspect, this would bring us to the evaluation and selection of the data bus. Would you start with that please?

10 DR YOUNG: Sorry, advocate, are you talking about now, my witness statement, or the, the rest of this, of this letter?

ADV SIBEKO: No. Are you still dealing with that letter? Or are you?

DR YOUNG: Oh. Well, seeing that the letter is on front, you know, I just have to address it now. It has, it puts things that are coming up, in  
15 context, that is the way, that is the way documents work, unfortunately. The last sentence of the letter puts it in, in the context of what I said about reduction of price. Anyway it says that:

*"Should the South African Navy and Armscor accept the above recommendations, then the price of the combat suite shall be reduced to  
20 R2.516 billion."*

Now, obviously, what they are talking about, with the major, the major share of that, is the R300 million production, reduction in the removal of the ammunition.

ADV SIBEKO: And this would relate to the missile blocks is that  
25 correct?

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DR YOUNG: Well, the line share of the cost of the ammunition is the surface to surface missile. So, there is other ammunition, but it is relatively small, by comparison. We have come to the end of that letter now.

5 ADV SIBEKO: What does the, the time to then deal with the evaluation and selection of the data bus? Dr Young ...[intervene]

CHAIRPERSON: Advocate Sibeko, seeing that you are now dealing with a new paragraph, maybe it might be an appropriate time to take the tea adjournment. Can we come back at half past eleven?

10 ADV SIBEKO: As it please the Chair.

CHAIRPERSON: Thank you.

**(COMMISSION ADJOURNS)**

**(COMMISSION RESUMES)**

CHAIRPERSON: Thank you.

15 RICHARD MICHAEL MOBERLEY YOUNG: (s.u.o.)

ADV SIBEKO: Dr Young, just before the tea adjournment, you were about to start with your discussion of the evaluation and selection of the data bus, something, which took place at the PCB meeting of 27 May 1999. The document that would assist you, in this regard, is the one  
20 you referred to in your statement, as PCB 1999/5/27, our RMY 40, which is in file three and it starts at page 973. Could you take us through that?

CHAIRPERSON: Advocate Sibeko, just allow us time to make notes, because you have written down those annexures, we have not.

ADV SIBEKO: I beg your pardon ...[intervene]

25 CHAIRPERSON: If you can just look at us and give us enough time to,

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to make our notes.

ADV SIBEKO: I beg your pardon.

CHAIRPERSON: Thank you. You said it is RMY?

ADV SIBEKO: RMY 40, at page 973. Do you have the document in  
5 front of you, Dr Young?

DR YOUNG: Yes. I do.

ADV SIBEKO: Do you confirm that the document is the minutes of the  
Project Control Board, PCB meeting, held in the [indistinct] conference  
room at Armscor on 27, I think it is 10h00, May 1999. It will be to review  
10 Project Sitron and Wills.

DR YOUNG: That is correct, yes.

ADV SIBEKO: Now, present at that meeting, are Mr Esterhuyse, the  
Chairperson, it was Admiral RC Simpson and Anderson. Mr L Swann,  
Rear Admiral AM Howell, Rear Admiral JGOJ Van Der Schyff, Captain,  
15 South African Navy, JEG Kamerman, Captain, South African Navy,  
AJCV, Mr K Hannafee, Mr F Nortjè, Mr R Vermeulen, Captain SAMJD  
Jordaan as the secretary. Take us through that minute.

DR YOUNG: Okay. As you have said, it is a meeting, a meeting, the  
minutes of the Project Control Board meeting, which was held around  
20 about the same time as the best and final offers, which I talked about in  
the, the era of the 26<sup>th</sup> of May. This, this Project Control Board was held  
on the 27<sup>th</sup> of May, the date up on the top, right hand corner. I have  
highlighted a few relevant sections, which I would like to address. The  
first one is on my pdf, page 3. So, it would be the third page, into your  
25 document, in your bundle.

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ADV SIBEKO: That document is marked 975, at the bottom right hand corner, of the bundle, at, at page, there is an item five, dealing with Corvettes. At paragraph 16, there is a discussion on financial and under paragraph a, thereof, there is best and final offer. Is that, like an issue,  
5 you would like to draw the Commissions attention to?

DR YOUNG: I am sorry, I was actually looking, looking, at the rest, myself, at it. The, the, what, the first one, I want to address is paragraph 15b.

ADV SIBEKO: You may proceed.

10 DR YOUNG: Okay. Okay. This is involving the surface to surface missile, selection the SSM, which I addressed in the previous part of my evidence. It is, it is, the minutes is noted as, that:

*"The project officer, Project Sitron, Officer Theron, requested ratification from the PCB for the SSM selected. The PCB ratified the  
15 selection of the Aero Speciale MM40 missile. This decision is to be recommended to the IPT."*

I presume that is the Industrial Participation team:

*"Chairman for action, Officer Theron to take note."*

ADV SIBEKO: What is the import of what is recorded there, in your  
20 understanding?

DR YOUNG: Sorry, could you repeat yourself?

ADV SIBEKO: What is the import of what you recorded in that paragraph, in your understanding?

DR YOUNG: Okay. It is this, it is an introduction to two things. One,  
25 an analysis of the, the Corvette price and how it got down to the, the

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original, well, not to the original, to the final, the final figure, as well as, my, my addressing the point of, of how, how that was done, specifically in respect of the surface to surface missile point.

ADV SIBEKO: Do you want to deal with that aspect now, or is this an  
5 aspect that you deal with later in your evidence ...[intervene]

DR YOUNG: No. That is, that is, let us, sorry. That is a separate theme that I address separately. Unfortunately, and believe me, I am also trying to do this in the most effective, I will not say the most efficient way possible. But, I have to address issues, as they come in, up, in the  
10 documents. I am trying to make them chronological. But, I do not, if, if we ventilate the point here, it will save us, going back, back to the point. So, if it comes up here, it is better to address it now, than to, than to go backwards and forwards. I am trying to work, mainly forwards. If I may, I can now come to point 16 and just of, and everything here is related, or  
15 relevant, not just related, to the IMS as well. These are not just *bysake*, as one might say in Afrikaans.

ADV SIBEKO: Yes. We are dealing on the best and final.

DR YOUNG: Alright. We have just been, we have been dealing with the best and final offer. We are not quite finished on that point, because  
20 we are still going to the two letters, which I have mentioned much, much earlier and as far as I know, have been pulled out of the discovery schedule, copied, I presume, that is why Advocate Sello is, is not here. Those are being copied, sufficient numbers of copies. So, we will address that, at the right, at the right point. But, we, we are talking  
25 about the BAFO and if we go down to halfway through 16.a, the Project

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Officer is on record of saying that he believes that the combat suite price could be reduced to less than R2.6 billion. That, that is, is true and then basically, the price, at this stage is R2.6 billion and that is despite, the other than R1 million was the final price agreed to. It is interesting and,

5 I think, we are, still coming to those notes. The previous minutes of the PCB was the 24<sup>th</sup> of April and at that stage the price of the combat suite that was on the table was R2.3 billion and the Project Officer reports to the PCB that he is hopeful, for want of a better word, that the, the price can be still reduced substantially further. I think he, then, has the

10 arithmetic down to about R2.1 billion or so. But, anyway this is now May. The, interesting here, is we have the chairperson, who, as, as you said, mentioned, advocate, that, that is Chippy Shaik. I have not, or I was actually looking for, where I have lost you for a second was a statement of recusal. I have not seen that. It might be here. But, he is

15 certainly, being involved in the, you know, in the Corvette combat suite discussions and deliberations. In fact, if one may say so going backwards to the, the surface to surface missile that certainly looks like a decision. I have not seen that the chairman, at this stage, is none other than Chippy Shaik. I might be wrong. But, that is, certainly seems

20 to record decisions. Nevertheless, at this stage, the chairperson indicated costs of R6.6694.61 billion, set aside by the Department of Finance in the affordability study documents, presented to the Cabinet subcommittee. A combat suite price of R2.6 billion was indicated in the affordability documents. Now, to, to be very frank, I had absolutely no

25 idea, at the time, anything to do with the affordability report or the

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affordability study. But, even in the correct context, this affordability study has received quite a lot of attention in this, in this Commission and seems to be a matter of great sensitivity, amongst the various parties. But, be that as it may, I am only addressing it, in terms of what the

5 Chairman says. But, I, I have to be honest. I find it of great interest and import that a price for the combat suite of R2.6 billion is indicated in the affordability report. As hopefully, I am trying to adequately portray, I do know quite a lot about how the prices were derived. I have never seen anything, whatsoever that might indicate a price, an acceptable price of

10 R2.6 billion for the combat suite in the, in fact, it is actually, it is amazing, for want of a better word right now. If the, and there is very much on the record that the, that the DOD made it so clear to us, when, in the, the forum, where I participated, the preceding price was R1.47 billion, in those financial terms. It was not to be exceeded under any

15 circumstances, whatsoever, other than possibly rate of exchange, which took it to R1.9 billion. So, quite, where a price of one, R2.6 billion, suddenly pops up with, it is, it is, okay, to be frank, it is clear that there must have been other activities that are not on the record, anywhere that I have ever seen, in, in my own investigations, for other than the

20 purpose of this Commission, or this Commission itself. It shows that there was something going on, that was going to indicate an acceptable price of R2.6 billion. In fact, all the indicators are, exactly to the opposite. So, that is a, that is an important thing for the Commission, in the greater scheme of things, not only in my own particular theme,

25 regarding the IMS. If we come to the next point, b, we will be talking

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about price negotiations. The chairperson, again, instructed the Project Officer to complete price negotiations first. Once this is done, Project Officer is to return to the PCB with further presentations. Anyway, as one, we will see to where, we have just come from and where we are  
5 going. The price, as indicated, of R2.6 billion it never, there never seemed to be any further negotiations, whatsoever. Under the last item that I mentioned, just before tea, there was an indication of a R2.5 billion. There were a couple of things missing from that price. It ends up as R2.6 billion. So, it would seem, on the face of it, that there were  
10 no negotiations. Clearly, in my own view, at least, once the affordability price was indicated, as being, let us call it, for want of a better word, the bench mark that was acceptable to all, in sundry and that is where they stayed. That is where it was signed.

ADV SIBEKO: Earlier on, you spoke about the surface to surface  
15 missiles, which were reduced. I see, on under paragraph c that there is mention made of purchase of missiles. Does that have anything to do with the price in the manner in which it was finally arrived at?

DR YOUNG: Absolutely. In my view, which unfortunately, is partly obliterated by what you legal people call over-adapting, what I called  
20 severance, my partial view, shows that there was something done, regarding the missiles that brought the price down, to the R2.6 billion. But, we will come to that, so, separately. Then, the next point, if I may, is under, at page 18, which addresses again, risk areas. Risk is tremendously important, in fact, it is almost a fundamental issue, of my  
25 whole evidence. Anyway, it is highlighted risk areas:



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*“The Chief Executive Officer of Armscor wanted to know why the local industry had fluctuated so much. The Chairperson stated that the contractor had double accounted on certain line elements (i.e. risk).”*

But, this had been subject to be removed. Item closed. Well, sure, maybe ADS had double accounted. I do not think it was the local industry had double accounted. I think, they had single accounted, but, if I may emphasize the point, we had zero accounted. ADS were multiply accounting for mark ups, as we will come to later, mark ups and provisions and risk, et cetera. But, that is why this price jumped from R1.9 billion to R3.9 billion and then, had to be fought, fought back to R2.6 billion.

ADV SIBEKO: That then, deals with the issue of the combat suite in this meeting of the PCB. Is there anything else you would like to deal with here, before we go to what you set out in your statement, at paragraph 230?

DR YOUNG: Yes. If I may, I, I would like to. The Project Control Board minutes, invariably consists of the minutes itself, as well as various annexures and more often than not, it includes a presentation, made to the Project Control Board. Certainly, in some instances, that same presentation was made to the Naval Board, as well. My understanding is that normally the Naval Board would hold prior. But, if we may, for point of, documentary proof, I know that there is no onus on a witness, in, in a Commission of enquiry, to, to prove things. But, of course, it has to be my intention to, as far as possible, point things out, which were on the documentary record and preferably, has not, as my

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say so, but as the *dae facto* truth, according to the documentary record. So, if we may go to, what is the 7<sup>th</sup> page of my of these, of my document, which are the minutes and if I go to, I think, yes, we are talking about appendix a to the minutes.

5 ADV SIBEKO: That is page 979, at the bottom right hand corner. Appendix a is dated 31 May 1999. Is that correct?

DR YOUNG: That is correct. Now, as far, even though that date is after the meeting, it does say, I think, that is when it was administratively appended. But, you can see, it says a report of Project Control Board,  
10 the 27<sup>th</sup> of May 1998. It says that at the top.

ADV SIBEKO: It also records the best and final offer, received on 24 May 1999. Is that correct?

DR YOUNG: That is, that is correct, yes. Alright. So, we go down to somewhere half, somewhere down from the top under the heading the  
15 offered combat suite. There is a bullet, two bullet points there. The first bullet point says R2.964 billion. So, that was obviously the first one. It says:

*"Our expectation was less than R2.6 billion, derived from our quote of the 7<sup>th</sup> of April 1999, from, of R2.775 billion, reduced by at least R175  
20 million, due to lower prices for the FPI."*

*Which stands for foreign procured equipment, including the radar, that is the surveillance radar, sonar and missile segments, as evaluated and selected in late 1998."*

Now, that is the reason, why I am highlighting this, is again, the point of  
25 the missile and this is specifically the, the only missiles, being required

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as the foreign procured item was the surface to surface missile. The other missile was a, a local South African segment. So, that is obviously, there is something, is something valid there. It also shows, proves the expectation was less than, I think, I have said in quantitative  
5 times, it was substantially less than 2.3 or R2.1 billion. But, again, it was left at R2.6 billion. Again, on the next page, my page, page 8, right at the top, it says GFC, ADS informed that BAFO is unacceptable and given until the 26<sup>th</sup> of May to respond to our concerns. So, that is what I am going to be, be addressing in these documents that hopefully  
10 Advocate Sello was going to get for us quite shortly. But, if I then come again to the second bullet point on that page, we come again to, to combat suite and I will just give myself a break there.

ADV SIBEKO: This part of the presentation that deals with the combat suite, relates to something that you have already given evidence about.  
15 Is that correct?

DR YOUNG: Sorry, may I ask you to repeat that?

ADV SIBEKO: Switch off, thank you. I am saying this aspect of the discussion, in this report, dealing with the combat suite, provides for the evidence that you have already given before the Commission, regarding  
20 the price and so, of the combat suite.

DR YOUNG: Yes. I have already addressed the evidence in general. But, I am not repeating myself. There might be repetition, but there are, there are specific aspects or items that are not being repeated that I am addressing. Because I am not doing this for the sake of repetition or  
25 emphasis here, it is, it is the deed that, unfortunately, that is also

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unfortunately the title of one of the books, the devil is in the detail.

ADV SIBEKO: I see that, I think, in the, in the third bullet, under the discussion of the combat suite, there is something about the Dassault data base, now being offered in place of C Square I Square. Could you  
5 just tell us about, what is being set out there?

DR YOUNG: Yes. I am going to mention that, because I, that is exactly the situation and here we are seeing it in documentary form, form. So, it is kind of a proof. But, starting at the top, the bullet point there, ADS response was to R2.634 billion. Now, that is, where we were  
10 before, was close to the R3 billion. So, it is the two letters that would address the, the price coming down to R2.634 billion. It is so important of how that was achieved. Okay. So, offer to reduce by R330 million. A large amount still outstanding, e.g. errors in calculating ADS same price, just for errors, especially on missile. Now, that is, that is quite an  
15 important thing, errors at this stage of the BAFO, of, of coming to an acceptable price. We are not talking about, you know, rands or even millions of rands here. We are talking of hundreds of millions of rands. A very important point is to show that, I talked about the conduct of ADS and Thomson. But, you will see, in the, in the regularity or otherwise of  
20 this process, which is a terms of reference for this Commission. How the price was calculated. Here they talk about the Thomson Marconi sonar, exceeds R80 million. We will discuss this issue today. I think, I am going to show you a, a spreadsheet of the final amounts, where that price of the, of the Thomson Marconi sonar is more like R160 million. I  
25 will actually show the letter, from Thomson Marconi sonar, to ADS,

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where it puts that in graphic perspective of how these prices were actually, how can I say it politely. It is probably impossible, so I will leave it at that. If I may, if I carry on at the, you call it Dassault, it is Dassault, pronunciation is obviously important. The Dassault, my

5 French is not good, but the data bus from Dassault now offered is, as you say in place of the C Square I Square bus. I have mentioned before, Dassault bus got onto the, somehow onto the record in, in April, but without being costed. So, so, at that point in time the IMS was the, the selected one, or the chosen one. Clearly it is the issue of risk,

10 priced, risk driven price is what has caused the Dassault data bus to, to now being offered. But, importantly, here, it is being offered, without there being any formal basis therefore. As it graphically states here, on the 27<sup>th</sup> of May, the Project Team is still waiting for its specification and the architecture indications, before this can be deemed acceptable.

15 Now, I will come to, quite shortly, hopefully, is only about two weeks later, on the 3<sup>rd</sup> or 4<sup>th</sup> of June, are the people from Dassault, actually Detexis in the country, to have a work group with the, a subset of the Joint Protect Team, to discuss these so-called specifications and the system architecture implications. There is a whole report that comes,

20 that comes out of that process, in June. I can say, at this point, because I do not, I know it is a discovered document, it is certainly in the discovery schedule. But, strangely, that the specification, this document, this presentation refers to full, full specification. The specification for the data bus was only written for its first time, on the

25 26<sup>th</sup> of June. That is one month later, after this and in fact, even more

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and slightly offensively to me, that the specification is for the information management system. But, to me, as an expert in system engineering, system acquisition, at least, at a certain level that it had, having been now, replaced the IMS, which was a child had been fed for seven to 5 eight years, had been through seven to eight years of development, had it gone through formal base lining, at its own level and, and the combat suite level. It existed that you could touch it. It was not a technology demonstrator. You could come and kick the tyres, as they say, in our laboratories in Cape Town. You could take photographs of it. It was not 10 just paper. That it could be replaced by something as immature as the, the Dassault data bus, are what words, loose me at the moment is amazing. But, even at this stage, the last point is:

*“Contractual responsibly visibly subsystems not precisely defined or acceptable, awaiting further input from GFC.”*

15 So, I think, that puts it in the context of, of the DOD and the acquisition authorities at that point in time.

ADV SIBEKO: Now, in the following pages, there are figures supplied, with regard to, what I believe to be a best and final offer that was submitted, by ADS. Is there anything that turns on those schedules that 20 appear on the pages, following what you have been looking at?

DR YOUNG: Okay. I am looking at page, I have got a highlight on page 9 and you will have a, some kind of indicator. Okay. I have a highlight on page 9. But, I think, you have got something, a pdf mark around local elements of the combat suite. Is that, is that the one you 25 want, you are referring to? Okay. To try and speed things up, on the

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ninth page of my document, there is a page that starts off with ship, ship platform and it has got some price, a price, R3.74 billion. Underneath it is, is the price of the local elements of the combat suite.

ADV SIBEKO: That is, that is the page I was referring to, page 981.

- 5 DR YOUNG: Yes, indeed. Indeed, these prices are, these figures are extremely indicative and meaningful in every sense of the word. If we are thing about now, a R2.6 billion combat suite, which is R700 million higher than the, the accepted, even adjusted upwards, ceiling price. We can see how this was derived. That is the one aspect. The other one is
- 10 even, if I may use the term, Mickey Mouse, the Mickey Mouse element of the IMS, it is not Mickey Mouse functioning wise, but it is Mickey Mouse cost wise, by comparison. We are talking about our price of R38 million, ADS's price of R44 million, after it added, added on its price. That is excluding VAT. Even if you took the R89 million, I would say the
- 15 R77 million, excluding the IMS study and then you take 10 or R12 million out, to get to the R89 million, okay, if it pales, these back price, pales into insignificance of these other prices. I will venture an opinion, right now, or when I come to more detail of why this all happened. If we look at the, the tables of the local elements, the element, starting with
- 20 main contractor, African Defence Systems, actually with, what this supply was not only ADS. It was, this, and there is a, there is a detailed spreadsheet, which will certainly look at other and I do not want to belabour the point or even anybody's time. But, this is the, the main contract that is here, the consortium with this, no, I can say is it not
- 25 consortium. It is the, it is the amalgam of ADS and Thomson. There is

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a, and this first element is the main contract of responsibility. I presume there are both project management and system engineering aspects in here. But, it comes to a, an amount of no less than R234 million. The next point, system integration and this more graphically shown by the, by the spreadsheet that is relevant to this point, of R187 million. So, a, if you put those prices together, it comes to, I think, well over R400 million. What that, that is the cost of adding ADS and Thomson's new partner, Thomson, of doing this. Now, it is important to compare, where the, the DOD was expecting, we talked about price expectations, where those expectations were coming from. Okay. There, in the letter there is a point, regarding project management. But, that this is certainly is due to project management. But, system engineering and the project management, together, should probably have come to no more than R150 million. I know, because I was involved in this. We will also come to the BAE [indistinct] ASM feed, where I was addressing this point at combat suite level, okay, in a different context. But, I was certainly very, very familiar, with, where prices lay. So, I am not, I am not saying this, purely from a third party view point. I was involved in this process, not this particular process, but related very, or directly related to it. So, here we have the total amounts of main contractor, integration and integration, a grand total of more than R400 million. And integration statement of another R119 million, quite what that was, I do not know. The combat management system, a total of R335 million and you will see, from the documents, the record, in fact, it might have, might be a previous presentation to the Project Control Board minutes, when they



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were ventilating the, the why"s. The cost of the combat management system that had been base lined, from Altech Defence Systems, which, which made up the R1.4 billion, adjusted upwards one, was R90 million, or R95 million, at one particular, that, for the combat management, that

5 jumped to no less than R335 million. The other prices are for the true, local contents. They are, they are large amounts of money, like the surface to air missile there is a big chunk, R332 million and the other big local thing was the tracker, the tracker statement of R280 million. These are certainly big amounts and these are amounts, including, including

10 risk. I cannot venture much of an opinion of how fair all those were. But, I, I certainly, to be want again, of a suitable word, the figures that I have just ventilated now, are, I am incredulous as to their magnitude. A very, another important point, foreign elements. We will come to the sonar system a little later. Previously, they were talking about it being

15 over R80 million. I think, that was questioning, why it was over R80 million. But, I am just looking, we, I am speaking to the documents, as legal people say. But, here it is R120 million. R120 million is a lot more than R80 million. It is 50 per cent more. There is certainly a document I have to refers it to, I think, R160 million. It could have come down. I do

20 not know. But, here is something also, and pointing to this price of the anti-ship missile, or the ship, the surface to surface missile of R390 million. Now, even that, is a lot less than if one was taking into account the full original scope of supply should have been 32 missile rounds and rounds do not fly off the missile, by themselves. They fly out of the

25 missile launcher, which has to be, I think, it is two per system and each

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missile launcher is controlled by a missile launch system. So, there is on board equipment. So, if you could and from my own estimates in the BAE SEMA, ASM endeavour, the price of that was more like the region of R500 million. So, but at this stage, I am pretty sure that, to reduce the price there is a lot of documentary evidence, showing the instructions, to reduce the total number of missile rounds from 32 to down to 17. That is 16 for the ships plus what, the one round for system qualification. I am pretty sure that the R390 million is a reduction already from the full, the full scope of, of 32 rounds. But, there are documents that show the amount paid. I might be wrong. I might be wrong. I do not know, if I am 100 per cent sure. But, it looks as though the total amount paid for the missile system was R181 million. So, it would seem to me, is that this, the reduction of this price, the R390 million, which looks to me, like a reasonable amount was reduced by some mechanism and which I want to address, in that particular theme. Okay. Carrying on, if we go down to the next point, which is the next page, I think, starting surface to surface missile evaluation. I think, this is where the decision actually was made, in this particular Project Control Board meeting, or at least, ja, formalised and then formally ratified at the next Project, the special Project Control Board meeting, on the 8<sup>th</sup> of June. Anyway, we can go down to the recordal of it. It looks as though three missiles were evaluated. It specifically says, now, this is an important point. It might be small, well, detailed, but they selected, the missile was the Aero Speciale MM40, block 2. That was the block 2 missile, rather than the block 1 missile, was approved. Come to that

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point, where I am, I should prove that only nine block 2 missiles were actually acquired. Certainly in this phase of the project, or the first phase, mainly other ones were required, as I do not know. I think, seven block 1 missiles were acquired. But, here, we can see a formal  
5 part of the process, the block 2. The ANF is, I think, a reference to the advanced naval missile. I think that that is an acronym for a, a French acronym. I am not going to try and speak French, because I cannot. But, it, it was called the ANF at this particular phase. But, my understanding is that it actually became the block 3, which the French  
10 Navy uses and various other Navies use. But, certainly, the South African Navy does not use. So, the approval of the ANF, it is certainly in a, it never filtered down to this, to any relevance of the South African Navy.

ADV SIBEKO: If you turn to the next page 983, there is a discussion  
15 there, with regard to the SSM selection. Does anything turn on that?

DR YOUNG: Yes. Indeed, it does. Here is a, the one table I am looking at, it might not be the next page, but it is, but it is, I can see tables on my pages. We have, ja, we, we know that, from looking above, which I will not go back to, two, only two missiles were  
20 evaluated, the MM 40, block 2, with the emphasis on block 2 and the Swedish missile from the SAAB Company, RBS 15 mark three. I am also fairly familiar with this, having been a member of the, the team and especially of the designer advisory committee. I was certainly familiar with the, the preferred missile, at that stage, would certainly be the RBS  
25 15 mark two. I do know that at the end of the day, it turned out more

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expensive. I certainly have no [indistinct] with that. But, in terms of the, of the actual evaluation, there are relevant, the, the price, ja, again, okay, it emphasizes my point. This is not a price for five, for 32 missiles, which would have come to R500 million. And, sorry, the 32 missiles  
5 were included in the original base line, which would have cost R1.9 billion, I believe. I will be frank to say, it is still difficult for me to find that to, to accept how one would fit R500 million into R1.9 billion. But, be that as it may, there was R395 million, R396 million, set aside for R17 million, MM 40 block 2 missiles, at this stage. We, we could, we could,  
10 then, leading up to, to my analysis of this, it is interesting, because once one starts to quote optional extras and then, anybody who is involved in this business knows, it is not a nice thing for a managing direct to have to do, because it gives away ones prices. This is exactly what this, this does. The Naval Board directed the Project Team to, to get an option of  
15 a price, for the balance of those missiles, of 20 missiles. ADS themselves had provided the prices for just an extra three. That gives away the price of the missiles. Each missile R52 million, for three missiles and that certainly gives away two things, an indication of the price, per missile. It also gives away, in the next point, of how much  
20 ADS was marking up, because as it says, our calculation for extra three missiles from Aero Speciale, should have been R40 million, so ADS and Thomson were, were quoting their own mark ups and margins. I am not sure if the R40 million included some kind of a block that was the big cost that is for sure. So, ADS is certainly using their exalted position in  
25 the scheme of things to quote basically, whatever they like. As I have

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said before, on Friday, they could quote whatever they like, because they are exclusive. There is no competition. Of course, where there is no competition, you quote whatever you like. So, that is a, a very important point as well, regarding the, the theme of the surface to  
5 surface missile.

ADV SIBEKO: Now, I see in the presentation, which is annexure to the minutes of the PC Board meeting of 27 May 1999 that quite a number of issues are discussed there. In, the discussions by the PCB or the presentation, which is annexed to the minute, what appears to be  
10 conspicuous, by its absence is any reference to the C Square I Square Systems, IMS. There was a decision or had a decision been taken, by this time, to exclude that system?

DR YOUNG: Well, that is something that actually, nobody in the whole world knows. Even my, my legal team when we were doing our  
15 damages action, particulars of claim, were not sure, when the decision was made. But, by inference, one has to look at where whether one calls it a low water mark, or a high water mark. But, somewhere between April of this year and we are now talking about May and August, a decision was made. But, when it was made, is not actually  
20 too clear. Whether it was a business decision, or a technical decision, again, is not clear. Because, and I can say that, because it is, as you correctly point out, it is not discussed in this minutes of this meeting. By this stage, the best and final offer had actually been presented, three days before and discussed at great, great length, the day before the two  
25 letters that were the 26<sup>th</sup>. We will come to it. But, to put it in perspective,

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I think, it is at this meeting that there is a request for a decision making PCB. I think, that that is, I saw that I did not, yes, it is on my page 5. So, it is the minutes, page 5 and it says next Project Control Board meeting. I will stop, to give, allow people to get to the right place.

5 ADV SIBEKO: Would that be page, now the page left, has amongst others the paragraph 23, schedule, which is our page 977.

DR YOUNG: It certainly, what is correct is that item 23, the schedule is, is the first heading on that page.

ADV SIBEKO: Mmm. Which, which line are you referring specifically,  
10 on this page?

DR YOUNG: I am referring to the last numbered point, which is the fourth last line. It is entitled, the heading, the next Project Control Board meeting, item 31, the next meeting will be:

*"Decision making PCB of Project Wills and Project Sitron, would take  
15 place at 11:00, the 4<sup>th</sup> of June in the Zippo conference room, on the seventh floor of the Armscor building."*

Now, of those indicated here, as the 4<sup>th</sup> of June, it actually happened on the 8<sup>th</sup> of June and relevant to the point you made, in your question, precipitating my answer, is there is no reference to the IMS, whatsoever,  
20 in that, in that decision making PCB, nor in this one. I cannot actually even quite remember, whether the CMS is, but we will come to that. But, certainly, my memory is that the CMS was selected. There was not any competition. So, it was not ventilated in the meeting. In the meeting itself, of the 8<sup>th</sup> of June, it is only, the minutes itself, only record  
25 decisions, where there was competition. Where there was not

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competition, the CEO of Armscor was directed to write a letter, he certainly wrote a letter, where it had the items that, when, when there was no competition, it, it had those details. So, I would say, from a technical point of view, the decision had been made, to select the  
5 Tavitec combat management system, at level three. In it, in itself, it included the data bus, from Detexis and that is not why it does not even need to be addressed at the Project Control Board meeting, whether it is this meeting on the 27<sup>th</sup> of May, or the next one, which is the decision making Project Control Board meeting.

10 ADV SIBEKO: And then the, Dr Young, you kept on making references to a letter of the 26<sup>th</sup> of May 1999 ...[intervene]

CHAIRPERSON: I am sorry, Advocate Sibeko, are we done with the PCB meeting minutes? Are you done with it?

ADV SIBEKO: Yes. It is ...[intervene]

15 CHAIRPERSON: Thank you.

ADV SIBEKO: During the course of your testimony and before we adjourned, you intended to refer to a letter of 26 May 1999, dealing with the best and final offer, that was delivered on 24 May. Do you recall that?

20 DR YOUNG: I certainly do, yes.

ADV SIBEKO: Now, in, in respect of that discussion, is it correct that there, there are two letters that you need to refer to? I believe copies of those letters have been made. But, for purposes of identifying those letters, can I ask you to go to your document 0446?

25 DR YOUNG: Yes. That is the ...[intervene]

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ADV SIBEKO: There, there is a file that I believe has just been placed before the Commissioners and I believe colleagues on our side. It is file seven. Chair, I believe 11 copies of this file have been made. I believe further copies are being fetched from, do you have these? Do you have  
5 the file, Chair? I, I believe further copies will be made available, during, in a short while. These will be RMY 141 that will be the first letter of 26 May 1999. It appears on page, as from page 2909 of the bundles, file seven. Will you identify this letter for the record please?

DR YOUNG: Yes. It is a discovered document, with the index number  
10 DT 1-0446.pdf.

ADV SIBEKO: Is that the letter? Yes. Now, the heading of this letter is response to questions arising from BAFO, delivered on 24<sup>th</sup> May 1999. It is on the ADS letterhead ...[intervene]

DR YOUNG: Oh. Yes. May I ask you, what is the RMY reference  
15 here? 131, 90 something, I think.

ADV SIBEKO: It is RMY 141.

DR YOUNG: 141?

ADV SIBEKO: Yes.

DR YOUNG: Alright. Would you like me to peruse this letter? Okay.

20 As, as we know, we did refer briefly, this morning to the best and final offer, which is the, the document referred to, just above this. But, the one that we were finishing off this morning, is, and it is, and ended it off on Friday, was the letter from the, the DOD from Captain Kamerman, the angry, the angry letter, regarding the, the unacceptable prices, of ADS,  
25 in their best and final offer. So, this first letter, there are two dated the



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same, the same day. Obviously, there was a meeting going on and it refers to a meeting. There were interactions going on, this particular day. This is a response to, to the DOD's letter. So, I think, probably, item eight is where we need to start. Okay. Item eight is number the heading combat suite part. Item eight says, combat suite subcontracting model. I think, the, the letter, DOD letter, it said that the, the model was unacceptable, because it offered nothing, in terms of a price reduction. Basically, what he said, what ADS, Pierre Moynot is, I think, is the author of this letter. He says:

10       *"Our offer of the 7<sup>th</sup> of April 1999 was based on all South African equipment, being supplied in accordance with the principals, now established, as part c. Our offer, submitted on the 24<sup>th</sup> of May 1999, grouped the following seven subsystems, subcontracts into part b."*

So, here is, what I, proof of what I said is things had been part c, including the IMS and now, and now the IMS going into, into part b. It had been part c and now it was going to part b. It includes the following subsystems, the bus, the VSS, which is a video switching system, the TMS, which I think, is a tilt measuring system, the ship communication system. I do not know what else here is, the electronic warfare system and the TDS. So, for whatever reason, these are now being included in part b. Let us stop for a second.

ADV SIBEKO: An explanation is provided on the overleaf of that document, as to why that happened. Would you like to deal with that? It is on page 2910 of the document.

25   DR YOUNG: Yes. This is, obviously, something I have read before.

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But, it was not relevant to me. But, the explanation is the shift is based on our understanding that the SA Navy wished ADS to assume responsibility for the performance of the equipment delivered, in terms of the subcontracts:

5       *"We shall now address, just our offer to adjust our offer to include all South African equipment as part c."*

And, sorry, it is not, to be quite honest, it is not making 100 per cent sense to me. But, be that as it may, it is a, unfortunately, that is water under the bridge now.

10    ADV SIBEKO:       Might I just remind you, Dr Young, that when you speak, if you could speak into the mike. It seems the recorder is struggling to pick your voice up.

DR YOUNG:       Okay. I will carry on. If I address the, the point of project management, I think, it gets addressed in slightly more numerical  
15   terms in the next letter. But, this is certainly a good point of introductions. I expressed my own view, or if I may say, semi-expert view, of the price of project management and this is simply something related to that. Item nine deals with the project management and certainly shows that it was, it was an important point. It says:

20       *"Numerous discussions have been held with the Project Team, in respect of programme management. The most recent of these was at Mount Edgecombe, involved Fritz Nortjè, Chirstian Gramouw and Daniel Clide. The latter are senior managers of, of Thomson CSF. During these discussions, ADS openly detailed its costs, down to the level of*  
25   *number of people [indistinct] and material, both in South Africa and*

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*Europe. These discussions did not result in ADS considering that they could reduce the price of this item, due to the following:*

*The price is based on Thomson CSF/ADS's extensive experience on numerous programmes of similar magnitude, to the number of*  
5 *subcontracts to be managed, has increased substantially, since our original offer, made in February, March of 1999."*

ADV SIBEKO: A discussion of the IMS appears at item 30, which is at page 2911 of that document. Would you like to take us through that?

DR YOUNG: Yes. We have talked about that, the, the price of R77  
10 million. But, item 13 says:

*"The information management system, the current price of R77 million was based on a formal best and final offer, received from CCII Systems, dated the 14<sup>th</sup> of April 1999. The increase in price is due to an increase in price, quoted by CCII and the moving of IMS from part c to part b of*  
15 *the contract and specific terms and conditions in the CCII offered."*

Now, I am afraid to say, there is a couple of serious problems that I have with this. The first, as we have seen from the angry letter, from Captain Kamerman, in this particular context, he actually talks about it, being a wrong price, it was for five systems. That is 100 per cent correct. I  
20 think, what is also incorrect is what ADS is saying here, that our prices, from the 14<sup>th</sup> of April best and final offer. I think that that is untrue. I certainly would be able to prove it. But, I think, that the R77 million was derived from a price, that we issued to ADS, in, on the 22<sup>nd</sup> of December 1998, when they increased the scope of supply and the technical base  
25 line. It is what I said earlier, it seems as though they did not even

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bother. Although they bothered to send us a best and final offer and in, in April and we responded and we reduced our price accordingly, because they also reduced the scope of supply, which allowed us to reduce our price, from the excluding VAT price from, I think it was R48 million, down to R38 million. But, they leave in the price. Now, quite why they did this, whether inadvertent, I do not know. But, they certainly had plenty of opportunity and they, you know, any contractor at level four, worth its, it is worth its their salt, here, managing basically the future of its subcontractors is not entitled to be making mistakes of this, of this magnitude. So, it is difficult for me to believe that it was made by mistake. But, so, they made two mistakes, the price of R77 million, as well as the reference to the 14<sup>th</sup> of April. Again, within a second, not bullet point, but dash point, it proves my point about the IMS, having being moved from part c to part b. To just re-emphasize or take in a second and that is because clearly, the IMS was moved out of the combat suite level, into the combat management system level, which then became clearly, a Thomson, ADS part of the scope of supply. Here is something that I alluded to, unfortunately is a small point. Again, I think, ADS told them nonsense here, because from what I can remember, is, when you talk about prices, you talk about prices being, with respect to that base line, base line being in financial prevailing terms and the base line term was the May 1998 offer. Our prices for, at this stage, only the IMS, but the NDSS were based on rate of exchange. I think, that they took it upon themselves here, to again, baldly just refer to specific terms and conditions. I think, what they are referring to is the

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fact that we used their, their initial rate of exchange and to keep the base line the same, we kept the same. But, I think, that is what they are referring to. But, again, of course, it has more grist to the mill, of why we are not being selected.

5 ADV SIBEKO: Is it correct then, that you never offered the price of R77 million for the IMS?

DR YOUNG: That is for sure. I, there is a spreadsheet that we are not going to go back, unless we have to. But, the price of R77 million, which I think, excludes VAT, basically was derived from our 22<sup>nd</sup> of  
10 December price, which was R48 million, excluding VAT and then ADS was allowed to add on some mark ups for maybe margins, because there is different, difference there and for one of the things was for integrated logistics support, being executed at system level, rather than subsystem level. So, its price, from what I can remember, came to  
15 something it, like in the 50, I am working from memory now. Then, at that stage their first iteration of risk took it to R77 million. In fact, it might have been their, their last iteration of risk. But, it did not include the next point, which is item 14, was to IMS risk study. So, but anyway, the R77 million is their price, excluding the risk study, but our, coming from our  
20 price, but with many, many additions on top of that. In fact, on my own, I do not think, I have made marks on my own digital version, which I do not think you have on the version in front of you. I have here, in front of me, just to put it in perspective, yes, indeed, in fact, there might even be another mistake on ADS here. Because I have got here, my proposal  
25 047, dated the 15<sup>th</sup> of December 1998, we went through that on Friday,

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was for R44.8 million, including VAT. The, my proposal 049, dated the 22<sup>nd</sup>, that was a week later, which I have just talked to now, was the one for R54.9 million, including VAT. My notes to myself here, was that the second one, at least, it was in respect of ADS's request for quotation, it was for five systems, which should have been for four. That is the mistake, which Admiral Kamerman talks about, in his letter and the fifth system was what I call, what they brought up. For the very first time, the IQA reference set, which is for ADS's own integration test bed, other than the, what would have been the, Navy's or DOD's integration test bed, which is called the ITB. So, alright, then that got excluded. So, the price, including VAT went down, in my next proposal, the formal the proposal, which I do not think we have, we have addressed, was my proposal 051, dated the 27<sup>th</sup> of the 1<sup>st</sup> of 1999. It was for R42.6 million, including VAT. In my notes here, it is included lots of nix, as a network interface [indistinct]. Those are for the changed technical base line, which is for the FDDI, information management system, also being included, as part of the Tavitec combat management system. That is why that price went up. Then, the final price, was not, as they say here, in, on the, on the BAFO received from CCII, it is, they have actually mentioned here, CCII/PROP/51 dated the 14<sup>th</sup> of April. No such thing exists. It actually was my PROP, 051, properly proposal, dated the 14<sup>th</sup> of May, not of April, of May. Okay. So, this was just two weeks before. Why that is necessary, because of course, there would have been no request for best, for best final offer, leading to a, to a best and final offer on the, on the 14<sup>th</sup> of April. So, when the analysis of my evidence gets

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done, it will be confusing, unless I put that on the record. It is not that I am trying to belabour the point and take time. But, it was based on a best request, request for best and final offer. It think, it was done the very day before, the 13<sup>th</sup> of May, with a response back the date, for the very next day. Clearly, that gave us a very short time, but we did respond, with a VAT inclusive price of R44 million, R44.3 million. Okay. So, here we have our R44.3, excluding VAT, which I think, it points to R38 million odd. I am not going to try the arithmetic, right now, of transforming the R77 million, plus the R12 million for that IMS study.

Now, if I may at this point, briefly, briefly address the Chairperson's point to me, on Friday? He said, well, you know, if there is any other, in case that there is a nominated contractor and on the basis of price, the two parties cannot become ad idem, I think, in contract law, there is, there is a principal of a meeting of the minds, of the two parties, in the, in the, fundamentally in the contract, of course, the contract price. My response is sure, if there was, if, if the two parties could not agree. But, there was no agreement from our side. This was pretty much a one way street. We being asked for offers and we responding with offers, and we were asked for best and final offers and we responding with and the base line, just changing, without our certain reason why. So, I think, you know, it proves my point, is that ADS had no valid ground to say that our price is unacceptable. They just did what they liked, in terms of moving out price. Even when our price went down, their price went upwards. Maybe it was a mistake. But, it does not matter. In what the Navy, sorry, the DOD was confronted with, was our price going up and it never

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went down. Because, at this stage, the IMS was, was excluded and was replaced, by something else.

ADV SIBEKO: Alright. In item 15 on the next page of that letter, there is a discussion on the system management system, the SMS.

5 DR YOUNG: Sorry, I want to come to that point. But, just to show you, the IMS study, item 14, there is another reduction, but ADS confirms, its best and final quote as reduction. Now, as we see, from the angry letter, that the price was indicated as, as an acceptable price of R10 million. I know that this price was R12 million, because you get,  
10 we know, about the R89.255 million and if one does the arithmetic between R89.255 million and the R77.157 million, as indicated above, that is about R12 million. So, that was being priced for the IMS study. Sorry, to have interrupted you.

ADV SIBEKO: You, you can then deal with my issue, relating to this,  
15 the SMS on, that is item 15, on page 2912.

DR YOUNG: Yes. We have dealt with this before. So, I do not think that I need to belabour the point, because I, in fact, now that I look at it, I think, that I have not only got this in my witness statement, but I have read it into the record as well. But, the second part of that item 15 is  
20 probably the nub. It is despite, we having entered into a competitive situation, price situation, with ADS, ADS being, then being selected, based on the price of its R29.647 million. What I did not say this morning, not only did that include the R12.07 million addition as margin, rather than that, to mark up, there being a fundamental difference. But,  
25 ADS being allowed, more or less, 24 hours later, to reduce their price



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from R30 million odd, based on their mistake, so they said, of inadvertently omitting to remove the price, of something, related to the VSS. So, then, VSS is the video switching system, is they removed the ILS, as the integrating, integrated logistics support, part of that. So, 5 they were allowed to remove that, and that allowed their price, to come down marginally below ours. Only below ours, with the margin added on. But, here, lo and behold just to say that a, a month later, they have already addressed a mistake, so they say, by removing something. Now, they are adding on something, related to the VSS. They say that 10 this capability was removed from the offer, on the 16<sup>th</sup>, as it was not requested in the RFO, at the time. ADS was not aware of the scope of the VSS offer, made by Tally's. Now, I, I, if I have seen anything, it is certainly not clear in my mind, as we speak. I am sorry to say. How many years later is it, 16 years later? But, it, what is in front of us, on 15 the paper, they must have, at least, had the opportunity of seeing the, the so-called, let us not say it is a mistake, because I doubt it was, the issue of the VLS, ILS. But, in all this time, why was there no ventilation from either party, regarding the ability, of being able to control the video, from the combat suite consoles. Now, we even, we even know from 20 Friday that the whole thing, the consoles, was a point, because it is one of the points, of which we got excluded. In fact, there, there is whole issue of us, offering out own VSS consoles, as well as spares, for the ADS console, so the whole thing of console. So, I am sorry to say that nothing makes sense to me here. I think this is another graphic point of 25 ADS, being able to do whatever it liked and now, adding something onto

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its price. Okay. Fortunately, the, to give them credit, the DODT was wide awake in this one and the angry letter demands reversion of the price, down to the R29.6 million. But, I think, I have made my point, properly, relevantly and hopefully adequately that things were going on

5 here. Maybe, I need, also need to say, when they say here, that ADS is not aware of the scope of the ADS offer, made by Tarly's, it is very, very difficult, being polite, to, to accept that this can be true. The VSS had been part of the scope that the, the base line scope of the combat suite, for several years now. Now, Tarly's was not Tarly's that had become,

10 that became Tarly's from Thomson CFS of Thit. Tarly's was a privately owned company, not dissimilar to ours, called Tarly's Advance Systems, by somebody, Dr Bennie Coetzer and I know him quite well and he, he was part of the team. How can it be possible that the ADS could have quoted on the VSS, as we know that they did, on the 16<sup>th</sup>? Or actually

15 the 15<sup>th</sup>, modified by the 16<sup>th</sup>, without having a, not only a price, but a scope of supply. But, we, we were able to quote, into that and never, ever, ever seen the detail of that, between the RFQ coming to us, submitting a quote two days later, on the 15<sup>th</sup>, when I and my number two were overseas in Germany, sitting actually at Blohm and Voss in

20 Hamburg, at the time. We were able to that. If one looks at our quote, you can see how comprehensive that was, if I may say, it is relevant to point out that GFC, who administered the quote, provided a, a specification, well let us say, a statement of work, that was very adequate, for the purpose of providing of a quote. So, for them to say,

25 baldly, of course, but they do not say why, ADS was not aware of the

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scope of the VSS offer, made by Tarly's Advanced Systems is pretty, putting it politely, difficult for me to believe, even, even 16 years later.

ADV SIBEKO: And the next page, item 20, page 2913, a discussion is set out there, regarding the navigation distribution system, which also  
5 impacts on your company. Could you just take us through please?

DR YOUNG: Yes. Fortunately, this is the only one that we won. This was won in a straight out competitive situation, exactly the same time as the SMS, which I have just been discussing at some length here. But just to show, I have talked about the conduct of ADS and its pricing. It  
10 goes to the point I made, in response to the Chairman's point as well. Item 20, navigation distribution system and we had gone through a process here, initiated by the DOD in the form of the Joint Project Team, administered by the German Frigate Consortium, ADS coming back with competitive quotes for a system management system and a navigation  
15 distribution system. Now, remember there was no such thing. When I say remember, maybe I have not said it in this. There was no such thing in the combat suite base line, at this stage, of a navigation distribution system in NDS. This was a new thing. There was a thing, called a navigation system, I think the NESS and I that is what ADS had quoted  
20 on. But, what we were doing, what we were quoting on here was the navigation distribution system. We had a specific reduced scope of supply. Again, in two days, I was overseas, we managed to put in a competitive bid, which we won, a price of R12 million, as against ADS's price of R18 million for the same thing, same scope of supply. Put that  
25 in perspective of pricing, why the price of the combat suite was so high?

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Why start it off at R3.9 billion and went to 3.3 and three and 2.9 and 2.7 and 2.6? It is because in the navigation system, it started off at, I think at R48 million and come down to R20 million odd. That is why we were asked for a competitive bid. But, this is graphic, to show how we, we  
5 were gotten down to and then suddenly, we see their response in a best and final offer stage. I am going to come to come to the smallish point soon, coming from the chief of acquisitions, regarding best and final offers. So, we have now, effectively won, won this. But, it says here, under navigation distribution system the current offer from CCII, in my  
10 proposal CCII prop 55, dated 14<sup>th</sup> April. Now, that was the correct date, not the, not the IMS one, which was the 14<sup>th</sup> of May. That is the one, where we, where we had the wrong document. It has still, still got the right got the right RMI reference. We do not have to look at it:

*"It does not comply our terms and conditions."*

15 And here they say:

*"Base date May 1998, US dollar 5.5."*

And where they got the 5.5, I think this is another, another typographic error, because our original dollar was 5.05 in May 1998. As far as I remember, by December 1998, which was the new base line, it was  
20 5.98. Again, this is slightly less bald than the last one. I will give credit for that. But, it requires some financial adjustment, prior to being integrating our offer. Now, I am sorry to say, when we quote rates of exchange we quite the foreign content, the imported content, all of that stuff. How long does it take an arithmetician, with the experience of  
25 ADS to get figures onto the, onto the correct base line? So, to use that,

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as an excuse, actually beggars belief. It would take me less than 15 seconds to do that, to do the arithmetic of it. But, that is being used, as an excuse to reintroduce this ADS's system. Now, I am not talking about this navigation system in SS, but now this new thing, called a navigation distribution system, which it had quoted R18 million odd. I am not sure. It does not look like as though there is a price here. But, anyway it also says:

*"A risk assessment needs to be carried out, in order to add relevant provisions, if these are required. The lack of time to properly assess financial and technical implications resulted in the CCII System not being included in the offer, submitted on the 24<sup>th</sup> of April. Consequently, this offer included the ADS navigation distribution system."*

Now, we talked about risk and importance of risk. We also talked about the whole issue of C Square I Square, being evaluated for risk in the cost and risk audits. We talked about my Phd and Msc, being the reason why I would not add on one brass cent for risk. Now, here we are, all this time later, in, whether it is April or whether it is May 1999, we are far beyond the stages of my IMS quotes. You are talking about the NDS now. Now, I, if a risk provision was so important and how ADS here. Now, they suddenly, somebody has to carry out a risk assessment. But, we have won this, on a competitive quoting process, fair and transparent. So fair and so transparent, now, that our prices are now known, in the realm of at least ADS, of the GFC and the Joint Project Team. But, if I may ask, where in that request for quote, for either the SMS or the NDS, which was put together by the JPT and

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administered by the GFC, if risk was so important, why were we not asked for risk, a risk provision in brass sense, not added on? So, I am afraid to say, by inference, by logic that point was also simple, unadulterated nonsense. We were never asked to provide for risk then, just as we were not asked, asked to provide explicitly for risk now, that this is first part of the nonsense. The second part of the nonsense is based on risk ADS take it upon themselves to exclude the NDS, which is now being chosen, by the GFC, based upon the election or selection of the joint project team, acting on behalf of the Department of Defence, based on this thing of risk. So, we say, how even, the, even now, 16 years later, it actually baffles my brain of how this could have happened.

ADV SIBEKO: There is another letter of that same day, also written on the ADS letterhead. It is your document 0448 and our document RMY 142, still on that same bundle of documents as from page 2916. Do you have that document?

DR YOUNG: Yes. Indeed, I do have. I want to come to that. There is just one final point, which is probably, hopefully a pre-cursor for this letter. The very, very final point, made on the letter we have just addressed, now been addressing, it is item 30, it says outstanding information. I presume the outstanding information had to be outstanding from either ADS's previous best and final offer of the 24<sup>th</sup> or what is addressed in the JPT's letter. Because it cannot be outstanding, because it says here:

*"See attached schedule of Aero Speciale options."*

Now, it is clear that various options were offered, by ADS, Thomson and

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the DOD selected at least one of those options. But, not only has that been tippexed out, of this letter, to me. But, the cost analysis that is referred to in item 30a is not there, nor the schedule of Aero Speciale, which obviously the [indistinct] is not being provided. So, that is being  
5 redacted or severed in much more vigorous way, not providing anything at all. So, I am saying that, because it also is part of the reason why my analysis is maybe not as complete as I, as I would like to be.

ADV SIBEKO: Now, that will bring us to the, the next letter of the same day, from ADS, which refers to a follow up meeting that was held in,  
10 according to that letter, earlier that morning, at the Secretariat of Defence. Now, there are a couple of issues that arise from that letter. But, the first of which is, which appears at paragraph 1, which says:

*“The whole of the South African sub-segment contractors, excluding the IMS are shifted back into part c.”*

15 Does this accord with what you have testified to, in respect of the earlier letter?

DR YOUNG: Yes. Clearly, for some reasons, not clear to me why, certain of the subsystems, specifically, I can see why some of them are, like the VSS, the video switching system, I can see why they included  
20 them in, in part b, because they are linked to the rest of the combat suite, but in the electronic warfare system, which seemed to me. But, anyway, it is clear now that one of the mechanisms, by which price reductions were gained, to get it down this acceptable level, from R2.9 billion to R2.6 billion was excluding all of those South African systems,  
25 excluding the IMS. I do not need to tell you why. I have already said

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why, because the IMS was no longer part of the combat suite. It was part of the combat management system.

ADV SIBEKO: Further down, at paragraph 3 of that letter, it is recorded that the bus used, is now the Dassault electronic, Dassault electronic. How does that compare with the spec that was provided, or the architecture that was required, to be complied with?

DR YOUNG: Oh. Yes. It is an important point, which I am going to address now. But, I do not want to leave out point 2. But, clearly now, as I have said before, the IMS had, the C Square I Square IMS was no longer part of the, let us call it the offered base line. Unfortunately, there are many base lines. This is the offered one. To emphasize my point, it, the Dassault electronic Disserto data bus was there, as part of the CMS. But, I think, the, the handwritten note is, is in the, is in your version of document. Am I, am I correct in saying that?

ADV SIBEKO: Yes.

DR YOUNG: Okay. Now, I am not a handwriting expert. But, clearly, this is written in handwriting and it was written at that time, because it says:

*"Full info by Friday afternoon."*

Now, that is telling it, itself. But, something tells me that this was written, by somebody in the project team, who was evaluating this. I suppose I could spend, I, I will put forward names, who could be. I will not do so, unless I get asked. But, anyway, the question he has written down asked:

*"How does it relate to our spec, or to the CS architecture?"*



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So, the very asking of the question, begets the question, begets the bigger question, on what basis can that be included in the, you know, in the offer, where, when it is unknown of how it is affecting the combat suite architecture and its spec, being, the, our spec can only refer to the, the SA Navy's combat suite. It is called the combat suite requirements specification. By nickname it is a, it is a URS, although the term user does not appear, I think in it. But, it is a URS, the 18<sup>th</sup> of December 1998, which is our technical spec and its own sub-serving spec, the platform requirement spec. So, the question is being asked, how does it relate to our specs. So, I would say in terms of whether it is system engineering methodology, whether it is Modac, whether it is 147 and I know what those things mean, in terms of risk management, in terms of, of base line management. In terms of formulation, formulations of first order, second order and third order valuations. Now, this would certainly be a third order evaluation, is conformance to the spec. That is all unknown, at this stage. So, it is being offered, by ADS and Thomson, based on price, which is based on risk. But, it is not based on a technical base line. It is not based on any kind of formal evaluation. The methodology is whatsoever. Even though full info had to be full info, provided by [indistinct] that could possibly have taken place. Because, as I have said before, the work group to evaluate the Detaxis bus, that was the Dassault electronic one, could only have happened at the very start, on the 3<sup>rd</sup> and 4<sup>th</sup> of June. It came out of an internal report, of a JPT report, or a sub JPT report after that, this specification. Now, how does, how do you compare something with a higher level

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spec, if you have got a level three, or a level two, defining the combat suite at level four? How can you do such an evaluation, if it does not yet have a spec? I see that spec for the Dassault electronic bus only came out for the first draft, draft one, draft zero, draft, draft on the 26<sup>th</sup> of June.

5 So, all of this points, handwriting or otherwise to the shakiest acquisition proceedings that I have ever seen in my life.

ADV SIBEKO: You mentioned paragraph 2 of that letter, being an important aspect that you needed to address, with regard to guarantees or payment bonds, performance bonds, et cetera.

10 DR YOUNG: Alright. I can only see what you can see, is what the document says, in English. What it says in English is no provision has to be taken. Now, this Pierre Moynot's English in his, no provision has been taken in terms of guarantees, repayment bond, performance bond, or any bond whatsoever. Now, we talked a bit. You asked me the  
15 question, yourself, Advocate Sibeko, about performance bond, performance guarantees. Now, that was in the IMS level. I was also asked to provide a performance guarantee, or a bond, for the entire combat suite, or at least, that is according to Lu Swann. Now, here, we are saying, whether, whether, it is exactly what it meant, one only can do  
20 a full blown forensic review. But, at least, it points to it is that price, to get down to that price of R2.50 billion or whatever they mentioned in the previous letter, or, or the R2.599 billion, they actually had to remove those things. So, the whole basis, on which ADS is being selected, as this level, this part b entity, taking responsibility for risk, but how do you  
25 take responsibility for risk? You do it in normally in terms of a

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performance guarantee or a performance bond, or some, they talk about performance bond, or any bond, whatsoever, repayment bond. I suppose they could, there were some, the DIP, everybody hopefully knows the, there were DIP guarantees. But, he is talking about any  
5 bond, in terms of guarantee. So, that is, it now seems to be an excluded. I have not analysed all several thousand pages of the umbrella agreements. So, I do not know, exactly what that, I am just talking about this letter, by which the price, the price was gotten down to the hand, the arm wrestling or handshaking price of R2.599 billion for  
10 the combat suite. But, if we look a bit further down, under four, they have reduced the price, by 15 mega rands, R15 million on the bonds. So, they removed the bonds to get the price down. That is an important point. I think, we probably covered point two and three sufficiently for the moment, before we come to point four.

15 ADV SIBEKO: Let us get to point four and deal with it.

DR YOUNG: The, we, we are probably repeating the foreign procured items, like Aero Speciale, SSM and the Thomson [indistinct]. Now, they again, attract some price premium, for some peace of mind of the DOD, being part of Thomson, ADS's scope of suppliers, specifically  
20 Thomsons, about being part of part b. That was the previous offer base line. Now, suddenly again, reducing the comfort, they are changing to part c, again, which of course, removes that element of risk, from ADS and Thomson and it transfers that risk back to into the ball park of the Navy. I do not think, we actually, oh, yes, we did not actually ventilate  
25 that point. But, going, going back not too far, point one, where they talk

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about how this has been shifted back into part c, it says here in, the, the simple written English. Thus the possible consequences of deficiencies in terms of performances, or time schedule would be for the SAN. So, it looks as though, every single thing, in terms of risk, the reality of it, is the only thing that ADS was taking responsibility was for the combat management system, which included the IMS. Of course, they would have probably taken risk for the entire integrated system. But, certainly, by the time they had accepted these part c systems, for integration of the combat suite, they would have made sure that there were no residual risks that could, that could be passed on to themselves. I am now getting a bit complicated, but the, just what I have said, the English meaning is the true situation.

ADV SIBEKO: We have, you have spoken about quite a few reductions in the scope of work, which has resulted, or which finally resulted in the reduction of the overall price of the combat suite. These include things like your programme management costs. In the line of the first page of that document, you are talking about, there appears also be to an overall rebate of some R90 million as a gesture of goodwill. Are you able to comment on that?

DR YOUNG: Yes. I am, but if I may, we just have to address the point of, just above that, of, of the surface to surface missile again. Unfortunately, I have to do so and as I have said before, is I have to work, by circumstantial evidence, because of reductions. You can see another reduction in this point. You can see three reductions in front of you. But, they all together do at least, point in one direction, or at least,

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and I cannot tell you exactly to the end point, to where they go to. But, at least the direction is there. But, reduction in the selling price, of the surface to surface missile, implies a reduction of the combat suite price, including VAT and CV. I do not actually know what CV is, maybe I am  
5 being stupid, but I do not know what CV is. I do not know what it means. Anyway, they have now got a, they have, they have identified specifically, as I went before, the price of the system is not just the R20 million per missile price, for 32 missiles, reduced to 17. It is the launcher as well. Each ship has got two launchers and, I think, the  
10 missile launch control console, on board, which costs money. It also has to be integrated and it costs money. So, they have, here, they have got a price, which has been deducted out for the launch and, for the life of me, I have not been able to work out the details. Anyway, that say the [indistinct] it is quite a lot of money. I do not think they would be  
15 bothered, if this, the residual price was anything like the, the saving price. So, clearly it was a lot of money, because that is, they have reduced it, to save R37 million. In terms of the missiles themselves, as I mentioned before, there was a table, which, in my mind, at very least, included different quantities. We talked about a figure of three. We  
20 talked about a figure of 17. We talked about a figure of 20. We have talked about a figure of 32. So, that is obviously, some of the options. But, I have got a little bit of arithmetic in front of me, which you do not have. But, my request, I said, SSM saved equals 101. A question to myself is how? I for the life of me do not know exactly how. But,  
25 certainly, the fact that some was saved is true. The next two points,

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probably, probably, the, the last bullet point, the connectorisation, I am not going to go into it. It is a small amount in the greater scheme of things, but I do not, I cannot add too much. But, the sonar is something, because it is, there is documentary proof of it. I have talked about a figure that the JPT was referring to, R80 million and then an actual price of R120 million. I thought I saw a reference to R180 million. Here they have been able to save R25 million. So, and unfortunately, I have to speculate it, but it is a valid speculation, because, and you will see why, when I get to the particular Thomson Marconi Soni document, is a price, a price has been reduced, which can only mean that the prices were, were inflated. But, let us say, on the same point, my, it would emphasize my point on programme management. As I have said before, I have not, well, I cannot, in my minds eye, remember a particular breakdown of system, well, there are three items. There is contractor responsibility. There is programme management. There is system integration. Okay. They all kind of lump together in those figures that I addressed before. But, the point here, I think, is fairly relevant:

*"Besides, rather than arguing about whether the programme manager is too expensive or any other item, we are in a position to offer a final rebate overall, of R90 million, as a gesture of goodwill, from our mother company, to close the deal. This figure is based on the assumption that we shall be able to negotiate substantial savings on the subcontractors."*

Now, that is quite an interesting point of view from, from my perspective, at least, as a subcontractor. So, they were going to screw us, to get

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down to something acceptable to them. Anyway, they have now come down from, whatever it was, the 2.9 or 2.7, to a figure, as I have mentioned before, slightly above 2.6, which was R2.634 billion. In my understanding, from what was told to me and I have been on the inside, 5 is that indeed, this was the figure that they were offered. But, the final figure that was accepted was actually R2.599 billion. Now, head office, the mother company did indeed, offer this down. But, Pierre Moynot actually decided to offer a little bit more. He offered another R35 million more, to get it down to R2.599 billion, which is where they closed the 10 deal. But, that was actually done, without authorisation of the mother company. Indeed, I know, because there were negotiations, with ADS after this, when we were told, by, our, the people, who hated us so much, that Pierre Moynot had offered too low a price and now they were going to try and squeeze us for price. But, basically, the end price, the 15 end game was not based on quantitative methods. It was just done on qualitative methods of just getting down to a price, to sign the deal. That is exactly what happened.

ADV SIBEKO: When we come back, after lunch, which I will deal with the assessment that was undertaken by the project team of the two 20 systems, which resulted in a technical report, being prepared. Will you prepare for that, that ...[intervene]

DR YOUNG: Yes. I am ready.

ADV SIBEKO: Chair, would be a convenient time to take the lunch break?

25 CHAIRPERSON: Have you finished the point that he was making

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now? I think, maybe let us finish this point, before we adjourn for lunch.

ADV SIBEKO: I think, I think the point has been covered and  
...[intervene]

CHAIRPERSON: The point has been covered?

5 ADV SIBEKO: Yes.

CHAIRPERSON: So, you, okay.

DR YOUNG: If, if I may, there, there is just one very small point, I  
think, I would like to ...[intervene]

CHAIRPERSON: Just hold on. We will adjourn until two o'clock.

10 Thank you.

**(COMMISSION ADJOURNS)**

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**(COMMISSION RESUMES)**

DR YOUNG: (s.u.o.)

ADV SIBEKO: Dr Young surely before the adjournment there is a small part that you indicated that you wanted to address in that document

5 RMY142. Do you recall that?

DR YOUNG: Yes, I can.

ADV SIBEKO: Would you like to briefly deal with that matter?

DR YOUNG: It is a smallish point but it does lead to a later theme also it also leads to what other witnesses had said before this Commission in  
10 this particular case. The Chief of Acquisitions, Chippy Shaik.

Looking at the document here in front of me where I have which I have highlighted here. For quite a while now we have been addressing ADS's best and final offer. The reason mainly at this stage bring up this point is to illustrate what my view is how the DoD conducted itself with  
15 ADS whose own conduct are in my view is fairly unacceptable and unprofessional regarding the formulation of both the combat suite price as to be used in the prices of nominated sub contractors. We are talking about the best and final offer.

The best and final offer of ADS is requested by best and final offer of  
20 the DoD and it gets interrogated a number of times. We have just gone through both the letters both from DoD's responses and the responses back to that. With the commandants[?] I think is the right word reductions in price from an unacceptable one to a final or obviously acceptable one.

25 Just to see what was the view of the chief of acquisitions. This is

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something that he expressed in 2001 which is not long after the contract the Corvette Contract were signed in December 1999 and certainly long. long before these. Anyway I am going to quote here from here. We have the document. Maybe it will take your time... we are going to  
5 come to this document in a completely different context as well. It is my document, it is a discovered document with an index number, DT1-0858.PDF.

It has been recently copied and distributed this morning with what I believe which is a secondary index of RMY150.

10 ADV SIBEKO: That RMY150 appears at page 2965 of file 7.

DR YOUNG: It is on page 17 of that document. It is a 72 page document. What that document is for the record, it is a formal response from Chippy Shaik as Chief of Acquisitions to questions, formal questions put to him on 26 September 2001 in the name of Lionel van  
15 Tonder who was the Project Leader acting on behalf of the Auditor Generals in the JRT Report.

They issued a whole bunch of formal questions which is the first part of the document and the second part are his answers. I do not think I have every single thing because I got this under Pie Act which I got the  
20 reduced record and I think there was some cherry picking of what I got and what I did not get. Be that as it may at this particular point I am just addressing on particular point.

Point 5.14, or paragraph 5.14 this is in different sections. There is multiple instances of the same paragraphs. It is on my page 17

25 ADV SIBEKO: On our pages it is 2982.

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DR YOUNG: Anyway what he said is that the main contractor made a best and final offer with the IMS at a certain price is he was to accept full responsibility for it. The second part is the state does not interrogate the pricing of a main contractors best and final offer.

5 That is only two sentences. It is pregnant with various relevant things. The first is that I am unaware that there is a best and final offer for the IMS. I think that the best and final offer has already taken out the IMS and included the competitive contender at that stage. The second part of that sentence is, IMS had a certain price if he was to  
10 accept for responsibility for it.

What is important is that we never, we asked to provide performance guarantee or anything like that but certainly that is relevant in the context of the ADS. Whether ADS was a main contractor or not I do not know but the whole issue of price and risk driven price is relevant there.  
15 The more important point is how the state dealt with ADS and entertained it. It said that he state does not interrogate the pricing of the main contractor's best and final offer. I think I have fairly well proven that, that is nonsense.

The ADS had plenty of opportunities to come up with various offers. I  
20 think that there were at least four. Even at the best and final offer stage on 26 sorry 24 May there was still plenty of negotiating to allow this exclusive non competitive entity called ADS Thomson to actually get down to a price that was acceptable in terms of the affordability study figure and for some unknown reason acceptable to all and some people.  
25 It certainly show that the state interrogated and entertained a

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methodology over the next couple of days to allow ADS Thomson to get down to a price, which I think is important to say is R700 million more than the ceiling price.

ADV SIBEKO: Was that the small point you wanted to make just before  
5 that adjournment?

DR YOUNG: Yes to me that is a very small point.

ADV SIBEKO: Can we now go to your statement at paragraph 231 where you deal with the evaluation that was performed by the technical assessment team of the what you referred to as the various or  
10 respective merits of CCII System's IMS. Also the Detexis System which we deal with as from paragraph 231 of your statement to the end of 237 of your statement. Also with the assistance of your DTI0456 which is our RMY41 and that appears in file 3 of the bundles as from page 995.

DR YOUNG: Thank you.

15 ADV SIBEKO: Now page 995 is a document entitled, Technical Evaluation of the Detexis Bus Report on the Diacerto Databus Proposed for the SAM for Project Sitron. Do you have the document?

DR YOUNG: I do.

ADV SIBEKO: Your statement deals with some of the issues that arise  
20 from that. Can you take us through that?

DR YOUNG: I am just mulling over whether to address my witness statement and the documents because my witness statement traverses much of what the document does. Anyway what I said by way of introduction as I have said before.

25 By this stage the BAFO's the best and final offers are not including

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the IMS anymore. The offer baseline has changed as far back as 24 May. Only replacing the baseline IMS with this new brand new entity the Diacerto Databus from Detexis. It is only on 3<sup>rd</sup> and 4 June which is more or less a week or two later is the first time that Armscor and the  
5 DoD in this SAN actually get to grips with what has been offered here in replacement.

The technical assessment was undertaken on instruction of the project Chief Executive that is then Captain Karmerman and the Program Manager Chris Nortjè of Armscor. There was a small team  
10 representing well we would say the Department of Defence which includes the Navy but the Navy of uniformed Navy Officers were Captain Heinrich Nick Marais then Commander Ian Fowler who was the Project Engineer and Lieutenant Commander Andrew Cothill the more junior Combat Suite Engineer and Captain Marais was actually a  
15 communication specialists and that is why he was called into this little group to assist.

Armscor is represented by the Combat Suite Program Manager, acquisition manager and from the let us say the preferred supplier at this stage German Frigate Consortium they called in a combat suite  
20 specialist Dr Wolfgang Vogel and who was a manager of the Combat System Department. Also represented were Detexis hopefully my pronunciation of their names will be more correct Jean Mark Perrier and Laurent Royer were present.

If I may quickly switch to the document itself. It talks about ADS were  
25 represented by Mr Kevin O'Neil, Athol McClain and Dave Hall who were

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all system engineers and Dave was a software engineer or specialist. So a point I can make at this stage. Quite a lot of people were there but we even knew this or I ever knew about this happening until a year or two later I am not sure exactly when. I was long long afterwards, so we  
5 were certainly never given any opportunity of staging our possession. Of course Detexis were able to state their position in response to our IMS but we were not given an opportunity of responding of how the Detexis Databus at that stage did or did not meet IMS requirements or the combat suite requirements.

10 So certainly in terms of administrative justice or administrative action that is a deficient process in my view.

ADV SIBEKO: Once the evaluation team had conducted the exercise of evaluating the two systems it prepared a report in which recall certain findings were recorded. Take us through those.

15 DR YOUNG: That is indeed correct. I think my witness statement really just has a summary of it which is hopefully correct for the record but probably more appropriate at this stage is to actually look the document itself.

ADV SIBEKO: You will see on page 995 which is page 1 of that  
20 document at paragraph 1.4 is set out the process that was followed and if you turn the next page at 996 it has preliminary evaluation reports and then on the next page of 997 following is recorded just about the middle of that page.

*"In terms of the above points raised it is also pertinent to list the  
25 problems foreseen with the current IMS base architecture,"*

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Further down it says:

*“From a technical point of view the SC project team proposes that the current architecture based on the IMS be retained for the following reasons.”*

5       Would you like to discuss these?

DR YOUNG: Yes clearly that is the summary and the reasons are those set out. Basically I think as it says at a sort of a SWOT. Strengths; weaknesses; opportunity and threats analyses is the traditional term for that but basically it is kind of a comparative analyses probably better  
10       described as a pro’s and con’s rather than a SWOT, nevertheless.

It goes through the pro’s and con’s of the various not the various well the two different options. So if we are looking at the first point starting at 1, what is most interesting for me is that certainly the initial proposal from Detexis is to use normal copper, in fact the twister [indistinct]  
15       version of copper with a connection of this combat suite.

Also their recordal of the point that EMI Suite. that means electromagnetic interference. Electromagnetic capability problems would be problematic. I do not want to take you back there because it is getting slightly technical. It is certainly relevant.

20       ADV SIBEKO: The part of the document that you are reading appears at page 996 of the report. That is discussion under preliminary evaluation report. Is that where you are now?

DR YOUNG: That is correct, yes.

ADV SIBEKO: You can proceed.

25       DR YOUNG: We did not traverse this when we went through the

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previous couple of letters. Certainly for the record there is a recordal there that as this document sets out Thomson had already said that they would not be accepting any responsibility there and if I may say so, as an expert in combat system integration I say so myself this is a particularly risky point. We would be talking about risk.

From a technical point of view it is one of the riskiest things in the whole integration of any complex system especially involving Wireless and one of the reasons for this specification right at the beginning of fibre optics and we went through that letter I think probably on day 1. The project Diodon Letter where the program manager Pierre Meiring records Armscor directive to the Chief of the Navy the use of fibre optic systems and therefore the technology FDDI which the IMS used.

Here Detexis is not even offering to use optic let alone FDDI. Of course there were not only great risk issues which we have alluded to in those previous letter but cost issues as well as responsibility issues. The next point is 2 it says that the LAN (local area network) and implementation of the architecture is very simple and static. There is no automatic reconfiguration and after two faults the LAN can be considered to be down. That the reference to the words simple, very simple and static is certainly not positive light at all.

The whole reasoning for this if I may say so sophisticated architecture of the IMS it precisely catered for that it was not so simple and it was not static, it was dynamic. Now unfortunately having a dynamic system does add to competitive. This is precisely, precisely what Armscor had instructed us to do. They said design an IMS we are going back to 93



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and 94. Design and IMS that nobody needs control over this. If a part of it fails it reconfigures itself. It is not static it is dynamic. In fact our network can actually not in its entirety can actually it is called Quad Redundant which means that you can actually have at least three or  
5 many four failures before there is an entire system failure.

So Detexis certainly, in fact I would say in most scenarios, one failure not two failures for sure 100% for sure. If one of those SI-FU's which is part of the network fails, this network has failed that is for sure. Not merely from a failure on board in normal operation or battle damage but  
10 the whole reason for the IMS in the combat suite is for upgrade and development and fit for but not with at least over next 15 years of the life of the combat suite.

IMS is designed so that you can add on or take out any sub system without any other sub system even needing to be told about it. So that  
15 is why it is dynamic. So that is certainly is a mayor, mayor let us say the flaw is not so much the right word but deficiency of the Diacerto Databus to the IMS.

Okay. Our system is based on the US Navy SAFENET Standard, SAFENET 2 which uses FDDI which is a 100 megabits per second.  
20 Here the existing system only was based on a very old version of Ethernet the 10 megabit that was definitely if not 80's, 70's and to get it up the same performance level as the IMS would have to be upgraded to a 100 megabits per second. So it was not... anyway it was not so much that it could not be upgraded. It did not it also show that it had to  
25 go through development where as IMS was a long had been there since

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1993.

These Diacerto boxes and this is hardware do not yet exist. It needs to be developed and qualified. I mean that in itself applies money and risk. Timescale risk as well as money risk. A huge risk as far as the client, the state is concerned is this issue of intellectual property and propriety software. That was now instead of the IMS had been developed especially for Project Diodon and future surface combatance[?] where all of the software would be owned at least co-owned but certainly own the country by Armscor here we have proprietary software by a foreign country. That is a risk.

We talked about political risk at one stage and that could be considered as a political risk and certainly this reference to deterministic Ethernet also goes against the baseline, let us call it the negotiation baseline not so much the contract baseline but the existing baseline is the IMS had to be based on COTS that means Commercial of the Shelf Technologies. So here we have another diversion of a stipulated requirement.

The future implications of it which reply not to acquisition risk but long term risk of ownership being relied heavily of the supply of the future support. Also that importantly despite allegations to the contrary so here they were not even believing what Thomson and ADS were saying. I certainly would support that point completely.

ADV SIBEKO: I see that on that page and on the next page they have a whole number of technical deficiencies that pointed out. I suppose technicality is a matter that we do not follow that greatly. With regard to

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the conclusions reached on these findings made especially from a technical point of view, that appears at page 997. What conclusions and the basis of the conclusions were made in this regard?

DR YOUNG: If I understand you correctly the final conclusion is that the architecture based on the IMS is retained. I think that is the fundamental conclusion if that is what you are referring too.

ADV SIBEKO: If I may ask you to turn to page 998 it is where you find the conclusion at paragraph 1.6

DR YOUNG: Could you just take me to the correct paragraph?

10 ADV SIBEKO: Paragraph 1.6 there is a heading conclusion there. Do you see that. This is after the listing of the technical aspects with regard to the [indistinct] team that is what is proposed with regard to architecture.

DR YOUNG: 116 confuse me because I am sitting around, my paragraphs are 241 unless I have jumped somewhere else?

ADV SIBEKO: 1.6 of the document that you were reading.

DR YOUNG: Sorry about that.

ADV SIBEKO: Have you found the page?

DR YOUNG: Yes, I am at 1.6 conclusions, yes.

20 ADV SIBEKO: Now you would have seen that just before conclusion there are certain technical attributes that are recorded with regard to the IMS these are referred at paragraphs 239, 240 and 241 of your statement . I am interested in 1.6 which records the conclusion in the following terms:

25 *"After the above report had been completed it was provided to the*

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*project officers and program under cover of a memorandum. While the report clearly shows a preference for CCII option it must be stated that the evaluation undertaken was purely of a technical nature and the technical potential of the CCII is preferred for all of reasons listed in section 1.5.*

*The Detexis option was selected purely on financial constraints placed on the project. The risk as determined by the main contracted translated into financial penalties for the CCII option. The Databus is a critical sub system to the overall performance of the combat suite of the SAN Patrol Corevette. As such from a technical point of view the main contractor has to assume the responsibility for ensuring that it works.”*

That is the end of that paragraph that deals with the conclusion. From what I see in this conclusion it does appear that from a technical perspective the CCII option was the one preferred by the SA Navy, is that correct?

DR YOUNG: That would appear so yes from this report.

ADV SIBEKO: That preference would have come about as a result of the points listed as from 1 to 15 just above the paragraph D on the procurement, is that correct?

DR YOUNG: That is correct, yes.

ADV SIBEKO: The Detexis option however in terms of this conclusion was selected purely as this document says on financial constraints placed on the project?

DR YOUNG: Yes.

ADV SIBEKO: The risk as determined by the contractor also translated

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to financial penalties for the option for the CCII option. I think this is what we talked about this morning. Is that anything else you would like to add to this?

DR YOUNG: Yes. It is important also to know that this is the second  
5 version of this so-called report. In fact the things that you have actually read out here some of them at least were added on to the version quite a lot later. I can certainly find it and I am pretty sure in my discovery schedule which is computerised I can find it quite quickly. These things were added on. You could see by at least the project  
10 executive at a later stage.

In fact it says that the above report had been completed and it was provided to the project officer and program, I think they mean program manager. they left out a word a memorandum. So the original version of it does not refer as far as I can remember or certainly not to the sub  
15 or added on post facto reasoning of the Detexis option being selected purely because of financial constraints.

The initial report was submitted not long after the meeting of 3 and 4 June by the people who we mentioned at the beginning. Also effectively that report was effectively overridden by the project executive. We will  
20 say that it would seem to me that is that the report itself was never tabled at the JPT, the joint project team. It just went to the project executive being the project officer in the program manager. It was not in concurrence of the whole project team.

What was clearly overridden was the recommendation based in the  
25 first version of the report. This one came several weeks or several

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months later. I can find that out if I get questioned on this. More so is that the conclusion being based on financial constraints. Maybe I am being (what is the right word) accused of belabouring the points of price and risk. What I had tried to do this morning is go through the process  
5 of pricing and risking and in relationship to, to show that it was in polite terms, a patent process. It was concocted. It was not *bona fide*.

You know it was basically negotiating from a point of strength on the part of ADS and Thomson because they were exclusive it was not competitive. We know that if there had been competition other  
10 competitors might have won not only could have I know would have and was not only BAE because [indistinct] Atlas and Cell C Tech would have taken a different view to this about the risk of the IMS.

So that is the thing of financial constraints. I think probably it is not my wording it was selected on the issue of financial constraints. I know  
15 not long before lunch we went down to the final RS [indistinct] and negotiation and I know the very end we were talking about reductions in price down to R2.634 billion and which was a special offered by the mother company and then another R35 million reduction.

So we are talking about small amounts of money there. well relatively  
20 small amount of money. In the greater scheme of things of R2.6 billion and total amount of risk of real risk was actually the difference no well not real real risk. Even on ADS's terms the difference between R48 million and R77 million R30 million that is not really, really financial constraints placed on the project when it had been allowed to jump from  
25 a adjusted project ceiling of R1.9 billion to R2.6 billion that is not a really

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and truly financial constraint. If I may say so. What is the difference the real difference arithmetic difference or whatever between a price of R2.599 and R2.620 to have include our provision.

5 So I am afraid to say that this thing selected purely on financial constraints placed on the project and the risk as determined by the main contractor translating into financial penalties is overstating it by a magnitude.

ADV SIBEKO: If one have regards to the paragraphs following from 238 where you summarise the findings of the evaluation team and the  
10 conclusions which that goes right up to the end of paragraph 243 of your statement. Would that be correct. Just take a moment and see?

DR YOUNG: That is correct yes.

ADV SIBEKO: So part that is set out in the document that you have referred to and what is set out in your paragraph in your statement up to  
15 paragraph 243 is there anything else that you would like that you like to add or we can move to the next matter?

DR YOUNG: No I do not want to belabour the point too long. I think it is fairly relevant to note that because it was. I think the chief author. There were two authors with Lewis Mathieson of Armscor and Ian Egan Fowler  
20 of the Naval Engineering Bureau. I will say that the notes that were taken were actually taken by Dr Wolfgang Vogel and I think that I have discovered this the notes the handwritten notes were produced by him. I think that I have discovered them.

Lewis Mathieson in data I think at least in his section 28 the transcript  
25 of section 28 interview done by the JIT has this document put in front of

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him and he basically say supersedes what was said and that is point 15.

Now it is:

*“Both Thomson and the GFC recognise that the IMS is a superior product.”*

- 5 If I may say so myself. It is certainly a better product for all the reason listed in this document. I can tell you having spoken to Dr Vogel I think he is retired now that certainly was his unadulterated opinion as well.

It is superior from so many aspects not only the technology aspects as set out here but in terms of the future life of not only Corvette Combat Suite but the Corvette itself. It is superior. I have to say that if and when it comes up that the person who wrote this thing Lewis Mathieson said, I think what he says oh, yes this was written but it was only hearsay or something like that. Sorry I do not accept that.

10

This as I have I have said is the second iteration of the same report. If it as hearsay then it should have been removed from this version of the report. I tried to stick with this version the later slightly more content. However I do not believe it is my position that it was merely hearsay. I will say it as an expert unless anybody challenges whether I am expert in Databases and Combat Suite Integration using fibre optic base led local area networks. The IMS is definitely a superior product.

15

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I will also go on to say that the DoD and the Navy in particular had actually done themselves a disfavour by choosing a product that is inferior.

ADV SIBEKO: Then one has regard to your statement as from paragraph 244 up to the end of that discussion at 249. You deal in

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those paragraphs with the findings as set out in the report. The evaluation report. Do you confirm that?

DR YOUNG: Yes from what I can see in front of me.

ADV SIBEKO: That would then bring us to what you refer too in your  
5 statement as the current view of Armscor regarding the IMS on the one hand and the Detexis on the other hand?

DR YOUNG: It is a very good point. If I may just say under 244 we have not really ventilated this properly. Because just remember in order to present my evidence properly I have to speak of the documents. I could  
10 not write. I just did not have time to write every single word that I wanted to mention and state in these proceedings in this document. It would have been a 1000 pages long as you people are hearing now.

In the baseline the technical baseline which was proposed as we can see on 7 April, I am talking about paragraph 244. The Navy stated in its  
15 letter of the 6 May following that that a hard wired solution is not acceptable to the SAN, architecture as proposed on 7 April. Obviously that is what they want. I am not going to open the document there. What I can say as an expert and I know what the Detexis Bus consist of and I know what the CMS consists off. We have talked about the  
20 navigation distribution system which was actually developed by my company. So my company and me were involved in the day to day and week to week basis with them.

Is that unfortunately we actually talked about a hybrid process a couple of days ago on Friday. Let us call it not so much the Diacerto  
25 Databus but the interconnectivity methodology which is the Databus is

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not just Ethernet on board the Frigates. It has an Ethernet component within it. Then it has some hard wired links in fact, an Ethernet only connect the local area network only connect the combat management system together.

5 The systems to which has meant the bus are meant to connect are connected by what I mentioned the other day as SIU, system interface units. So the combat management system connect via hard wired links to these ISIFU's if SIFOS and they in turn connect to the sub systems. So there are two hard wired links there. What is worse from a system  
10 architecture and upgradability point of view from a timing point of view. Of every single perspective one can think of technically is that even that tripology[?] was not sufficient to integrate the entire combat suite. I know because my navigation distribution system does it.

There was about another 15 hard wired links keeping this system  
15 together gluing this system together. This morning I mentioned a small thing under the section of system of surface-to-surface missile and the [indistinct] and the combat management system. I know that one of the links that we had to add in especially after we had negotiated the baseline for the navigation distribution system is a special hard wired  
20 link to the surface-to-surface missile.

There are more I think there are 15 all together. It is imperative here which I would have thought was a baseline non negotiable imperative of a hard wired solution is not acceptable to the SAN. In terms of expediency was just dispensed with. There are a multitude of hard  
25 wired links in the system that is on board the Frigates or the Patrol

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Corvettes to this day as we are speaking right now.

ADV SIBEKO: Perhaps just before we get to the current view of Armscor my attention is just drawn to one document that you sought to rely on which is your DT10321 our RMY42.

5 DR YOUNG: Sorry where do I refer to that which paragraph?

ADV SIBEKO: At the end of paragraph 2.41.2. This is an internal memorandum. This is a document at page 1006 of our papers. It is an internal memorandum I think it with the letter head of African Defence System. Let me know if you have the document with you?

10 DR YOUNG: Yes I certainly do, I have it in front of me and I am very glad that you reminded me of it.

ADV SIBEKO: Is there something to point out just quickly with regard to that document?

DR YOUNG: Unfortunately I cannot do quickly.

15 ADV SIBEKO: Yes you can deal with it then.

DR YOUNG: Okay, Right is a document written by ADS. It is have got an extremely interesting date on it. . 16 December 1998 the reason why it is interesting was important because everybody is old enough to know that, that used to be a public holiday in fact I think it still is.

20 What is quite interesting is the subject line which says meeting between Duncan Howles, Kevin Casey O'Neill and JEG Kamerman. It is interesting and actually relevant from a number of perspectives. This point of hard wire links which is hopefully why this was pointed out to is one of certainly the relevant point in this context that there are others.

25 As the document says the meeting was requested by ADS in order to

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find out (informally directly from the SAN) what their position was on the question on combat suite architecture with particular reference to proposed databus and the possible use of hard wired links between the trackers and the weapons.

5 Now the date of course here is particularly important. As I mentioned this morning the Detexis Databus only becoming onto the radar semi formally was in April of 1999 where that one spreadsheet I have shown and referred too has a place for the Detexis Databus. I think this is graphic proof of the databus the IMS being work out. I am not quite  
10 sure whether I came to the other document by the Frenchman Olivia Busea who refers, I think we have done that one who refers to the BAe-SEMA architecture protection the Databus of C-Squid I-Squid. Surely this is a follow on from that.

I think that I have marked the section there was says informally  
15 directly from SAN. Now the word informally is fairly indicative of what was happening here. At this stage on 16 December the German Frigate Consortium had already been appointed by the State, let us call it the Government as a preferred supplier. So now the State is going into a negotiation phase with the preferred supplier. The preferred itself has  
20 indicated that it's combat suite supplier is going to be ADS, which is written in this document.

They get elevated to the same level as the GFC. So in my view there was no provision in the MODAC scheme of things for informal discussions of any nature whatsoever between joint project team or the  
25 intergraded project team as existed at this stage. Especially JE

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Kamerman, Captain Kamerman having a private meeting with Duncan Howles and Kevin O'Neill especially in order to gauge not their position but the SAN's position with request to the combat suite architecture. That in itself is something of particular importance.

5 Of course they were treading on hallow ground here if I may say treading they were trespassing on hallow ground because this is the baseline. The baseline existed at this stage a databus which was the proposed one which was the IMS. As we can see from what we have just traversed only at the end of May did the Detexis Databus suddenly  
10 pop right onto the radar screen and the IMS one pop right off it. Only after this meeting of 3<sup>rd</sup> and 4<sup>th</sup> June 1999. Here we are going back six months before.

Nevertheless, they are asking the question of hard wired links. This is a very technical thing of the wires and wire force[?]. It is clear that  
15 hard wired links were taboo and yet as I have just said is that is effectively what the final architecture and technology involved. A multitude of hand wired links. I am just gathering my own wits about me here.

ADV SIBEKO: In the next page if perhaps that would not be taken too far  
20 ahead of time there is a discussion page 1007 at paragraph 2 it says, „Baseline/URS. Is that a matter of interest that you want to talk about?

DR YOUNG: Yes there is a whole lot of interesting things here. Okay if we just go back we can see the context there is referred to an emotional response. There is no emotion in MODAC even in 147 so I think that this  
25 is a pretty graphic illustration of the actual acquisition procedures.

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The points of contact that would be used. The basis as I have mentioned the other day. The presentation to the Chiefs of Staff and the hot reaction that is an emotion reaction. Here we have more of the same. The emotional response of our planned approached. They go on  
5 the two difficulty still remain to be dealt with. I think this probably goes to a lot of what I have been saying. It also goes to Chairperson's point about the meeting of the mind or the contractor and the nominated contractor. You can see graphically in the normal written form of the English is the baseline says:

10 *"The other is that SAFENET 2 standard as indentified in the URS where as we do not plan not plan to use it this should not be a mayor issue since it is not a critical primary requirement but we will have to manage it."*

So it shows that even at this early stage where they have assumed  
15 the mantle of combat suite integrated they were only playing games with us. All of those nonsensical things, the request for offer there were four of them. All the time and the effort we took to provide those best and final offers for the IMS with all the [indistinct] stuff they were just playing games with us. As soon as the opportunity arise they were going to use  
20 emotional responses and hot reactions and their feedback of their friend SC whomever that might be to get feedback from the Chiefs of Staff.

Here it is in graphical writing on the document that probably nobility other than them ever though would see the light of day.

ADV SIBEKO: At paragraph 6 of that document still on that same page  
25 1007 dealing with competition that is the last sentence there where it

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says:

*"There is evidence that SA Navy and Armscor are getting fed-up C<sup>2</sup>I<sup>2</sup> for their behaviour."*

Are you aware of what this was about?

5 DR YOUNG: Oh yes indeed and I am pretty sure that this letter will come up again in the discussion around the points that I have mentioned a couple of time of British Aerospace C<sup>2</sup>I<sup>2</sup> and Tellemat.

Certainly here is an absolute graphic illustration of ADS being on the inside track where they would have got out of the MODAC or even the  
10 147 scheme of things to find out that the project team is very annoyed about the proposed competition from British Aerospace C<sup>2</sup>I<sup>2</sup> and Tellemat. Anyway that is another theme of my witness statement and my evidence in general. We will come to that. It is certainly an indication of ADS illicitly if I may use a polite term being on this inside  
15 track and getting information from people like Johnny's contact with [indistinct].

If I may say so just as a taster. There is no place whatsoever for the project team whether it is joint or otherwise for getting annoyed for competition because competition is prescribed by the constitution. We  
20 are taking about 1998 the constitution that I know of prescribed a system of acquisition and procurement that included the prescript of competitiveness and transparency of course and fairness and other things as well. That does not include annoyance by a project team.

In fact more so adding risk to [indistinct] is a document written after  
25 this but long before the election of the Diacerto Databus and the de-

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selection of the IMS from the Chief Executive Officer of Armscor actually instructing the GFC to go out for alternative source of supply that is competition. There are plenty other references to that competitive element including from Chippy Shaik as well. We will come to that particular point under conflict of interests. We will show that the French themselves were instructed by Chippy Shaik that ADS and Thomson no longer have this elevated position because Thomson is now buying ADS and therefore they no longer have this position of being nominated because of C change on the reality of the ground.

10 ADV SIBEKO: Just above that a couple of paragraph above that is a discussion on price. Where they talk about Johnny is still recycling a perceived pool of uncommitted funding. Are you aware what that was about?

DR YOUNG: Yes I was aware. But not quite in this context but they are related to the same thing. At one stage I was actually advised that maybe the risks that would be added on to the IMS price which as we know were a couple of tens of millions could be funded for this very same reason. It was that the R6.001 which had been the absolute non negotiable ceiling price could be increased because of this uncommitted funding that would allow to be added on this R6.001.

So the answer is yes I was aware of something like this but I was not aware of it also being the basis of how the R6.001 could be escalated to R6.873 which is the final price.

ADV SIBEKO: Is that anything else that you need to add regarding this document before we get to the discussion of the current view regarding



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the Databus?

DR YOUNG: Yes maybe this is the right time. I think this is almost the very last paragraph. It looks like 2. It says, C<sup>2</sup>I<sup>2</sup> also [intervenes].

ADV SIBEKO: Is that the paragraph under the heading proposed  
5 actions which is on the last page of that document page 1008?

DR YOUNG: That is correct, yes.

ADV SIBEKO: Yes you can take us through that.

DR YOUNG: I have just made the statement that ADS were just playing games with us and to emphasise that see what they say here:

10 *"Inform them that we are not interested in their proposed version of the MOU and specifically excludes any interaction with combat suite or combat management systems suppliers in competition with us. Continue to engage with them in proposal preparation but with no special status."*

I think that, that is a fairly polite way of well putting playing games. If  
15 they had not interest they should have rather have put us out of misery right there and then. This their proposed version of the MOU I need to address that. Sure we did have version but we did not initiate that. They actually sent us an MOU to say that if we sign up to this MOU then we will be included in the baseline. In the technical contraction where  
20 the IMS our IMS would be there.

Unfortunately I knew what was brewing because of the BAe-SEMA issue because [indistinct] in 1997. Various companies including BAE and [indistinct] Others and [indistinct] all have been in contact with us and they wanted out IMS. So it was extremely difficult and early stage  
25 to commit myself to exclusivity with ADS. Just think of it. Image if I

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committed myself to exclusivity but through normal competitive process  
BAE from the UK who is Atlas from Germany or Celsius Tech from  
Sweden and actually won this bid, either directly or through their very  
close contact with the German Frigate Consortium who in fact are the  
5 GFC's traditional suppliers of combat suites. It is not Thomson it is  
Celsius Tech and certainly these are Celsius Tech and other German  
Company.

We could have excluded ourselves by signing an exclusivity  
arrangement with ADS it is just it did not make sense. So I had to  
10 include in my proposed version of the MOU that once a preferred  
supplier for the combat suite then I will sign exclusivity. They threw their  
toys out the cot. When I said that they affectively did what they did here  
is or they just did not go forward with the MOU at that stage.

Which is fair enough if I said they put us out of our misery but I do not  
15 think I like very much what I read in the last sentence is to continue to  
engage with them and proposal preparation wasted our time and energy  
and money but with no special status.

ADV SIBEKO: Now having dealt with all of those finding by the  
evaluating team and the compared Databus from C-Squid I-Squid and  
20 the one proposed by Thomson. Certain conclusions were reached you  
did not participate in the IMS but we do know that in the current project  
certain views are held about what sort of databus if is required. How did  
you become aware of that?

DR YOUNG: Unfortunately it is not quite a current project yet well it is a  
25 current project in terms of acquisition but it is a project that was initiate

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formally by Armscor's Procurement Secretariat I think on 8 June or July last year. I see the tendered date has just been extended in the last couple of days until June this year. So I am just emphasising the point. It is a current in terms of acquisition. We are a fortunately for me still  
5 surviving this company and we are a formal at least a aspirant I will call it at level 4 the combat suite level and we are registered with Armscor as being an interested bidder or tendered not directly to Armscor because they are tendering at the Ship Drawing Level. Having registered we received correspondence from them let us say on an  
10 hourly basis.

A document that I received and of course unsolicited in other than in respect of just being a registered aspirant was from Armscor's Procurement Secretariat and I have that open in front of me. As we can see. It is an email that is the way that communicate these days.

15 ADV SIBEKO: That document is an email from Armscor's Procurement Secretariat dated 21 August 2014 which was sent at 03:04 pm. It is referred to in the bundles as RMY43. It appears at page 1009. You can proceed Doctor.

DR YOUNG: Okay it is not signed but is sent electronically and on  
20 behalf of the Senior Management Procurement Secretariat. We go back now to mention all the relevant things. I am looking at they do specifically address what they call a demand and surveillance databus which is stipulated in the specification the baseline for this vessel. It is called a Hydro Graphic Survey Vessel which is being required at Project  
25 Hotel one of the newest projects in the Navy. That is a matter of

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introduction to the point that I wanted to make. Is which is I have paraphrased hopefully correctly regarding. It is basically their response to a another contender who is wanting to make an offer the combat suite and the joint response. I know that the response come jointly from the technical responses might be in the name of Armscor's Procurement Secretariat but the technical responses come from the project team of Armscor and the Navy.

*Their response is that:*

*"It is to be emphasis that it is not foreseen that a SAN a South African Navy Frigate Type Databus Solution will be implemented on board the HGSV that is the Hydro Graphic Survey Vessel. This particular system can be regarded as being obsolete and is certainly not considered to a be a cost effective solution as any competent level 4 system integrator will attest too."*

ADV SIBEKO: The passage that you refer too is it the one coming from the second page of that document which is at top of page 1010?

DR YOUNG: That is correct yes. I need to say for the fullness of the point and necessarily just to add crisp to the mill that is we are only now in 2015. These Frigate got taken into service in 2005 so that is 10 years ago. .They are not even close to their half life upgrade. Not even that close to the mayor upgrade of even the combat suite. If this is a valid position now and it is already obsolete it emphasise the point that I was trying to make when we were ventilating or addressing the Detexis report. It is the long term where the problems is.

A databus is a databus is a databus at the beginning. At the

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beginning you can put the whole thing together with chewing gum if it will work but that is not the point. It might work for the beginning and it might work for five years or whatever. It might even work while you have those existing sub systems on board. If you are thinking about the

5 long term, OPS [indistinct] Management. LER and fit with [indistinct] system that is where the problem arises. That was why IMS were designed the way that it was designed.

ADV SIBEKO: You say that this statement is an indictment of the Detexis Databus?

10 DR YOUNG: Yes, indeed because the Detexis Databus is sitting on board those four frigates. I think three of them are at Simonstown and one of them is probably outside the De Hoop Nature Reserve on Manoeuvres of the German Navy as we speak.

ADV SIBEKO: That then brings us to the discussion relating to the

15 Corvette Combat Suite System selection. That appears from paragraph 252 of your statement.

DR YOUNG: I am 252 of my statement yes.

ADV SIBEKO: Coupled with paragraph 252 of your statement is the document that you referred to 0489 which you have referred to

20 previously it is our RMY10.

DR YOUNG: That is correct, yes.

ADV SIBEKO: RMY10 is in file 1 at page 131. This was not the indication of the decision regarding the supply and selections that were made by [indistinct]

25 DR YOUNG: That is correct, yes.

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ADV SIBEKO: You point out in 253 that is the letter did not state that any selection had as yet been made within respect of the databus?

DR YOUNG: That is also correct.

ADV SIBEKO: You mentioned also the price allocated by GFC and ADS  
5 with respect of the MMS of the IMS offer of May 1999. Would you like to take it from there?

DR YOUNG: Sorry I did not quite get that one. Did you say the IPS?

ADV SIBEKO: No I am talking what you refer too in paragraph 254 of the price allocated by GFC and ADS to the IMS and the offer of May  
10 1999. Would you like to take it from there?

DR YOUNG: Yes we addressed that point previously. I am not sure quite how this letter helps me with respect to that point?

ADV SIBEKO: I do notice that if one has regards to paragraph 4 of that you have got an average with regards to the [indistinct] of the databus  
15 as a Category B System and the replacement of CCII Systems that Detexis System. Is there anything else that you need to add?

DR YOUNG: I certainly do want to address that letter a little bit more. I think that we are effectively coming to the next theme which is final contract, after my paragraph 260 in my witness statement.

20 ADV SIBEKO: Would you like to address that now?

DR YOUNG: Yes. I think that we have gone through most of that but I think what I have said under 259 because I basically address the process and if we are mindful of the formal processes of the Defence Acquisitions in terms of MODAC or otherwise I think that I am or it is fair  
25 to say that none of the minutes of any of the bodies showed that they

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considered any of these the matters regarding the IMS. Either properly or at all.

ADV SIBEKO: Just before we conclude on that section. You mentioned in paragraph 257 that:

5     *Shaik; Kamerman; Swan and Nortjè who participated in the decision making did so despite them having had knowledge of Detexis Databus Report and the conclusions of the evaluation team."*

DR YOUNG: Yes that is an important point. Of course Kamerman and Nortjè commissioned the report so they would know that, I am working a  
10     little bit from memory now. I am pretty sure that the evidence in the last 15 years indicates that Shaik and Swan were also aware that these are chiefs of service, Shaik being the Chief of Acquisitions and Swan being the Chief Executive Officer of Armscor. What I should have said as we were talking about the Detexis Report.

15     I did say that the report which was commissioned within a sub section, sub section of the JPT, joined project team was never put to the project team. Be that as it may far far more importantly the team sorry the body that actually ended up making the decisions as we have just seen by the document in front of us is the Project Control Board made  
20     decisions. I would say at this point made decision unfortunately I think in terms of MODAC the PCP should not have existed also I would know now many years later that the PCP was not actually a decision making body. It was never formulated to do so.

          Nevertheless, it did make decisions. Be that as it may the process  
25     that was followed the PCP was a decision making body because it had

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the requisite, technical knowledge and experience to do so.

Certainly the level above it the next entity above it was Strategic Office Committee or higher up. They certainly did not have the capability of making these type of decisions. The Detexis Report was never  
5 served in either of its forms, the first of second was never served in front of that committee. It was kept to the project executive. So even the good points being a superior thing and the negative points could never have been know by the Project Control Board in order to make a properly informed decision.

10 ADV SIBEKO: As the process unfolded to after the evaluation of the sub systems and the lateral decisions being taken that brought up the entire process to the conclusion or the signing of the final contracts on or about 1 December 1999 as approved by Cabinet. You deal with that as from paragraph 261 of your statement and with regard to the budgets  
15 approved by Cabinet. I must just paused. Some of this evidence is before the Commission. Is there anything else that you want to add?

DR YOUNG: Yes unfortunately I have to finish addressing the letter which. It is probably sufficient it leads into others. It is better to address it right now. Again in no particular order as we have talked about before  
20 the letter is entitled Project Control Board Decisions.

We talked about the minutes of the Decision Making Project Control Board. Now in the greater scheme of things members of the government and we are coming to that point. You have just mentioned now on the record many times that the government is not involve itself in  
25 sub contracts. It is just all over the place where it is said by Minister



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Lekota or Irwin or whatever. Here we have documentary proof that the State did make all of these decision.

In respect of the Corvette we have got decisions made, for the Corvette Platform that is why I wanted to address this letter or at least  
5 the second part of it. In the terms of the Combat Suite it was the State that made the decision.

They did the evaluations whether it was the Surface-to-Surface Missile or whether it was the IMS it was a joint project team that made the recommendations. It was the Project Control Board that gratified  
10 that those decisions or made them and passed those up to the high level bodies as far as my view I certainly see a deviation from MODAC here because I cannot see the decisions being passed up through to the AACP and AASB and the AAC. I cannot see that.

I think it seems to me that these decisions basically went straight to  
15 [indistinct]. If I may just address. In the tables attached here is the combat suite. As it said before I was not quite sure if it appeared in the table and this is a reminder of why I am using documents. Not too far down I have highlighted it in a block and the Combat Management System does appear there with the supplier being ADS.

20 ADV SIBEKO: I beg your pardon for interjecting. Are you still referring to that document at RMY10 that is the letter regarding the Project Control Board Decisions regarding the Project Sitron, technical baseline to which is attached several schedules?

DR YOUNG: Indeed that is the letter from Llew Swan.

25 ADV SIBEKO: That is at page 131?

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DR YOUNG: I am not going to spend too long on this. I just wanted to point that the CMS from ADS of African Defence Systems Thomson is selected in terms of this letter.

ADV SIBEKO: It would assist us if you read out the names in full rather  
5 than use the acronyms. We still have not familiarised ourselves with these acronyms.

DR YOUNG: I am sorry about that. About under element and supply at the top the heading of that table. We have under element Combat Management System and we have a supplier as African Defence  
10 Systems. As I have mentioned before effectively this was the R335 million system from Thomson-CFS being the Tavitac NT System being modified by African Defence Systems.

It is hard to point out things that do not exist but I will try to do so. Nowhere in there will you see the IMS. Whether it is the one from C-  
15 Squid I-Squid or whether it is the one from Detexis you will not see it and that is a clear indication that the IMS was no longer a level 4 system because it was... sorry it was not longer a level 3 system. It was integrated into the combat management system. So the Detexis System is now level 2 it is integrated into Combat Management System and that  
20 does not need to be addressed by this table of selections.

We are going onto the next page, Platform and it point that every single element in the entire Corvette Combat Suite as well as Ship Platform were selections of the stats done by the DoD done by the Joint Project Team and recommended to the Project Control Board who  
25 formulised those decisions. I am not going to go into all of them. In fact

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I am going into one of them because that is an introduction point for another theme for the IPMS Simulator but as we see there, unless my eyes are deceiving me the last point is the IPMS Simulator is a sub system and it is allocated to a company called I will try to be exact. C<sup>212</sup>  
5 they probably meant C<sup>212</sup> or C-Squid I-Squid or CCII Systems PTY (Limited).

ADV SIBEKO: If you turn the page to page 134 it says selected products and supplier ship platform and the it says combat suite. Page 134.

10 DR YOUNG: That is correct, I can see that.

ADV SIBEKO: So if there anyign that you need to add on that?

DR YOUNG: No it is maybe an observation at this point. Is something that I do address and maybe this is a graphical overview. In terms of the overseas we talked about the foreign procured items, the FBI's the  
15 previous table were the items either local or where there was not competition as we know there had been competition in respect of the foreign procured items but what is certainly noteworthy is it is in each and every instance there was most instances three way competition at least two way competition. In every single instance a French Company  
20 won that competition and as far as my memory is correct even Euro Spacial has got Thomson-CFS shareholding in it. It might not be huge amount or the controlling amount but I think about 10%.

If you look above the word Euro Spacial you will see Thomson and Thomson and Thomson. It is just a documentary indication a point I  
25 wish to make.

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ADV SIBEKO: So it does appear from the name that the indigenisation of the combat suite just fell [indistinct].

DR YOUNG: No that is not what I want to argue with,. However it is needed, The foreign procured items were always foreign procured.

5 Originally in Sitron Phase 1, round 1 the what was the called the Under Surveillance Acquisition Radar was actually going to be uplifted from the Sky Craft. Effectively none of these technologies really existed in this country and in terms of the Defence Review none of them were considered as critical indigenous, technologies or capabilities so it  
10 actually was a fair quite fairly in my own expert view ( I am only saying that as a joke) I am not an expert in all of these things. That it was reasonable well in fact were not only reasonable there was no alternative but to acquire these systems from overseas.

What I am saying is interesting. They all acquired from France and  
15 they all required affectively from either the same company or the last company Euro Spacial has a shareholding in Euro Spacial.

ADV SIBEKO: Thank you. Are we done with the final contract. Was there anything that you need to add with regard the conclusion of this?

DR YOUNG: A very small point. The Cabinet made the decision on 1  
20 December but we come to it. I do not want the record to reflect something wrong. The contract or the umbrella agreements were signed after Cabinet approval on the 1<sup>st</sup> and they were sign on a huge day 3 December. Possibly what I can say I have alluded to before it was not the German Frigate Consortium that signed the umbrella  
25 agreement. It was a company it was a party called ESACC here in my

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paragraph 262. Which stands for European South African Corvette Consortium and it comprised of the three companies making up the German Frigate Consortium. They signed individually as Blohm & Voss. Howaldtswerke Deutsche Werft and Thyssen Rheinmetall Technik. Also  
5 African Defence Systems and Thomson-CFS they all signed individually with various members representing the South African Government.

ADV SIBEKO: You then made reference to the budget approved by Cabinet for the acquisition on the Corvettes.

DR YOUNG: That is correct. Under my 2.63 the contract price was  
10 signed at R6.873 billion as opposed to the R6.001 billion that was the ceiling price in December 1998. When I say that it might have been derived from a combination of prices I think we know from platform price in December 1998 and sorry combat suite December 1998 and platform prices April 1998 and the combat suite price was signed as R2.599  
15 billion which is a simple increase of R699 million as against the increased allocation ceiling price of the original combat suite allocation ceiling price of R1.47 which by December 1998 had increased to R1.9 billion.

ADV SIBEKO: When you say in paragraph 264 of your statement that  
20 the budget approved by Cabinet made provision for the use of Detexis System rather than CCII System, IMS. What you seek to convey by that?

DR YOUNG: Nothing in particular I just think that that would have stressed better but the baseline at that stage. The signing supply,  
25 umbrella agreement supply terms baseline consisted of included the of

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Detexis System rather than the IMS that would have been a better way of saying that point.

ADV SIBEKO: In the next paragraph you allude to the contributors or what you refer to as the mayor contributors to the price increase of R699 in the combat suite?

DR YOUNG: That is correct, yes.

ADV SIBEKO: You refer that the end of that paragraph to a document. It is a memorandum it is dated 30 June 1998. It is your DTI0228 and our RMY44. Do you have that document before you?

10 DR YOUNG: Yes, I do.

ADV SIBEKO: That deals with the selection the Tavitac , CMS and also about R350 million?

DR YOUNG: Let me just gather my wits about me. Yes I think that one must not infer that if I have referenced documents that they only apply to what is said in the documents to which I want to talk or to address. So I think 228 addresses the context of the price contributors in general rather than the Tavitac System alone. That is certainly still relevant.

15 ADV SIBEKO: If you have regard to RMY46 that is a documents that provides the price breakdown of your DTI0423 and out RMY46. Is that anything in terms of that price breakdown at page 1021?

DR YOUNG: Sorry I cannot follow those page numbers. The documents that I have in front of me are my 228; 411 and 423.

ADV SIBEKO: Yes I am referring to 423 which contains the price break down.

25 DR YOUNG: Yes I need to address all of those documents. Maybe if I

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can do that in the order which they appear otherwise I will confuse myself and that is the last thing that I need to do.

ADV SIBEKO: You can do that.

DR YOUNG: I just want to, I need to justify although there is no burden  
5 of proof or onus of proof of me. I just need to justify this statements that I make as far as I can. I am not making a commitment now to prove everything beyond a reasonable doubt but I am doing my best.

If we come, obviously I am going to give you time now to get onto the right page. I am on page 204 of this document starting at Implications  
10 for Project Sitron

ADV SIBEKO: That would be page 1012 of our bundle. That is on file 3, page 1012.

DR YOUNG: I am going to start of the heading that says, Implications for Project Sitron and it refers to acquisition costs. I think this also  
15 emphasise the point that I am making about price increases and how it got the R3.9 and the R2.6 and the R2.9"s whatever. It says here quite graphically in this document as far as I know is written by the project officer of both Projects Suvecs and Project Sitron then Captain Kamerman.

20 He says at point (i):

*"The acquisition cost of Project Sitron will be increased by more than a billion currently specified local combat suite or replace by astronomical or expensive or foreign equipment of the same functionality assuming the May 1998 rand exchange rate."*

25 I have used the term or not quite also astronomical.

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*“Examples of this is the ADS C-Squid I-Squid combat management system at R95 million quite where we were involved in things of C-Squid I-Squid ADS,”*

Anyway it is interesting that we were in the baseline somewhere  
5 along the line of providing a combat management system. I was  
unaware of that. In less of course it was always known that the Tavitac  
combat system would not come in and IMS would actually form part of it.  
That is the only rational that I can think of right this second. I think to put  
a perspective of course there was no competition from the likes of  
10 Celsius Tech although I know that they did the German Frigate  
Consortium to allow competition.

In fact a met a senior executive of theirs in Cape Town who told me  
that they had a complete proposal sitting on the desks of the relevant  
Blohm & Voss people in Hamburg. We can also see the price there of  
15 R280 million I come to my evidence document there. The price was paid  
for the French system like I refer to R350 million I am not sure whether it  
was eventually R350 million or R335 million it was a lot. It was first of  
all a lot of money and secondly a lot more than Celsius Tech money  
which was R280 million. Of course it was three or four times more than  
20 what was originally being developed in South Africa which is the topic of  
the whole letter, which is the South African Technology Development  
where there could have been a combat management system at R95  
million.

Here again Kentron their defence missile was priced at R150 million. I  
25 think I stated earlier that the price eventually was R330 million I think.



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Anyway that just shows the enormous amount of risk that was added on by whomever, I am not sure. Certainly how cost effectively South African Systems were. My company even has a tiny little involvement in the rolling airframe missile, Ramsus and I am can tell you as an expert

5 that the Kentron missile is a far more capable missile in terms in certainly of range et cetera than the Ram missile which was being offered of R350. It just shows the value for money of this South African Systems.

Electronic Warfare System is shown here at R160 million I am pretty

10 sure that it is in the final costing as well over R200. Okay anyway it certainly puts perspective of what I am trying to say that the prices that made up the R2.6 billion are extremely, extremely high of what could have been achieved. In term of the expectation at least that has been addressed right here in front of us.

15 ADV SIBEKO: Just in a different context if you turn the page to our page 1013 you will find a heading that deals the Strategic Implications. Is that something that you want to talk to. The comments that are made there with regard to?

DR YOUNG: Well this unfortunately takes me back to the first page but

20 I have to put this in the context with that.

ADV SIBEKO: Yes, you can proceed.

DR YOUNG: I think w are talking about paragraph 2 here where it is stated that where the current situation is addressed.

ADV SIBEKO: I was actually talking about page 3 of your document

25 and page 1013. On Strategic Implications.

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DR YOUNG: Yes I see it but before I can address that I have to introduce the context from the beginning that this letter was addressed on the first page under the section 2, current situation. That puts it in context.

5 ADV SIBEKO: Okay.

DR YOUNG: I read from that, current situation:

*"Is prescribed due to the realities pertaining in the industry during the last three years ie, virtual [indistinct] of SA Navy Capital Project Activities. Many of the 16 companies and divisions involved in Project*  
10 *Suvecs are literally reliant on its continuation for their survival until all of this can be placed under Project Sitron.*

*All the industries involved in Suvecs are either small specialist companies or small specialists divisions of larger companies which cannot survive with continuity of order especially in the current climate*  
15 *of low business confidence which inhibits self investment. In turn however all cost schedule in logistic capability and IP planning (that is industrial participation not intellectual property) as Project Sitron assumes the continued survival of the local industry and the sourcing and support of the Corvette Combat Suite from them.*

20 *Thus a central pillar of the acquisition strategy for Project Sitron the assumption of a mainly local combat suite be the survival of local industries dependent on continuity of funding in the physical year of 1998.*

*(c) From (a) and (b) above Project Sitron as planned is critically*  
25 *reliant on the continuation of Project Suvecs."*

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I think that is the correct context to be taken into that point.

ADV SIBEKO: So that point appear on the page 1013 under paragraph D. Yet makes reference to among others, unaffordable corporate abilities. Loss of knowledgeable via capabilities and loss of control of [indistinct] technologies.

DR YOUNG: Yes, indeed. This takes me to many of the other points. Our self investment in the IRS, I have mentioned that. It is the child who was fed for seven to eight years. It is the disintegration of the local industry and I am please to say that despite us not winning the IMS we never disintegrated but we very nearly came to doing so.

But certainly at this stage this is a fairly reasonable assessment of why we though our company had a legitimate expectation of being involved in not just the development, technology development but technology retention whatever names want to keep it in the supply contract for Corvettes or for frigates for one for Project Sitron based on our technology maturity. Our prices were acceptable but clearly C-Squid I-Squid a year or so later was not that important to the continuation of the local capability of the South African Naval Defence Electronics Industry.

ADV SIBEKO: Is there any other relevant discussion on this document regarding the contributors to the price increases?

DR YOUNG: No the only thing that I need to say was that the last thing that was said, was said sarcastically.

ADV SIBEKO: Perhaps if you turn to the next annexure which is RMY45 your DT10411. There is a management briefing dated 23 April

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1999 and that is the document that appears in that same file at page 1015.

DR YOUNG: Yes I did mention that we talked about project control board and presentations made thereto. This one as you can see is  
5 Annexure A so it is a management briefing and as far as I remember this was given to both the Naval or as well as the Project Control Board and it is an annexure probably of both but I think I am referring to the Project Control Board.

There are some relevant points that I would like to address here.

10 ADV SIBEKO: Let us start with the first one.

DR YOUNG: Combat suite which is a point 2 still on my first page of this document. It was fairly clear I hopefully I have traversed it well enough is initially large overpriced. If I may make the observation eventually it was still overpriced. I can say that in the context of what is  
15 simply here in brackets.

The target was less than R2 billion where it ended up at R2.6 billion there were obviously still had to be overpriced at the end unless there were very good reasons for that jump of R700 million. This particular document refers to the combat suite and its status at February 1999.  
20 Where it was quoted at R3.2 billion I think I addressed that. Whether it is in this document or others it actually started with R3.9 billion.

Just to show the Government or the state's perception of where we were in this acquisition process what I would have thought would be informal at this stage especially in terms of MODAC here is it stated that  
25 seriously incomplete quote.

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It is difficult for me to reconcile with what I read here in terms of a formal acquisition process. Here is something that I mentioned just in the previous point regarding the prices. The previous point and the previous letter of what is stated as the Kentron's missile which is a pretty capable missile. Where the price inflation came from I am not quite sure but I am just reading what I am see here.

The Kentron's Nkonto surface-to-surface missile previously had not been quoted for by Kentron as I know in those costs and risk audits at R150 million in May 1998, obviously that is where the May 1998 came from were being quoted at R380 million. I think the final price might have come down to I think I mentioned R320 so there were obviously some risk was reduced there but that is still a lot of money. That is still a lot of money.

A graphic point with regard to the Combat Management System. In November 1998 not even May 1998 the price was R96 million. I have mentioned figures of R350 million and R335 million. Here it takes about R320 million that is how much it cost us by going for a French System rather than the one that Altech Defence Systems were offering as far as I am aware. There was only a very minor [indistinct] a relatively minor lack of capability that was being offered there. Certainly not worth the difference between R96 million and R320 million et cetera normally et cetera.

Prices padding due to unfamiliar contracting model... now to me that is just acceptable, unacceptable for a professional approach to providing best and final offers and whatever else. We are talking about April now.

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Here is the complete quote. May, sorry March 1999 and the complete quote of R3.9 billion. That is brought down by the exclusion of performance guarantee by ADS. Bringing it down to R3.3 now that is a pretty fundamental statement. Quite where I meant to fit in my  
5 performance guarantee for the combat suite for the entire combat suite of R3.3 billion I am not quite sure.

Anyway in fact to be honest. It is confusing me where all this stuff comes from. Just a month later we now go down from R3.9 to 2.8. As I have said before this was achieved by cutting down and quantity of  
10 various systems, quality of systems. and exclusions of „nice to haves“. At this stage IMS was not a nice to have it was still in the basement.

ADV SIBEKO: On the issues that appear on this page 1017 these are matters that you have dealt with already in your evidence that led to the reduction of the scope of work in order to try and achieve the price  
15 reduction. Is that correct?

DR YOUNG: Yes. I am not going to belabour the point but maybe we can down to the 5<sup>th</sup> page.

ADV SIBEKO: Is that page that starts with Platform?

DR YOUNG: No it starts with Combat Suite Future Path. Sorry, it says  
20 item 7, Combat Suit Future Path.

ADV SIBEKO: That is it. Page 19. I see.

DR YOUNG: It is important to put it in perspective. We bought this very expensive system as for the somebody at least presumably the Navy or Defence it is a painful loss of functionality. Despite the next point the  
25 next big bullet point down there where it says „Competitive Quote for SC

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Program Management Integration Combat Management System" it is not really practical. Now I have to highlight that because that is despite the directive of the Chief Executive of Armscor looking for alternative source of supply and contracting models.

- 5       The next point down is Armscor [indistinct] various of elements of CS directly. I am just wondering, it says feasible but it does not carry on. I would like to interrogate whether or not this is not what happened in respect of part of at least the surface-to-surface missiles.

ADV SIBEKO: Apart from the issue that you are raising now is there  
10 anything else of significance on this document before we move to the next one RMY46?

DR YOUNG: No I think we can go the next document.

ADV SIBEKO: That would be the price breakdown for week 12 proposal erected version. It appears as RMI46 page 1021. That is your  
15 document.

DR YOUNG: Yes, I can see that yes.

ADV SIBEKO: Right.

DR YOUNG: This is mini page document. It looks like 10 pages. I think what it derives from is a Spreadsheet of all the prices that were being  
20 recorded in fact if one looks at the documents we can look at pricing for that it was done on a weekly basis so they are talking about pricing in another week 10 or whatever it is.

As far as I can remember the only spreadsheet that I have got in this form of 10 pages is actually was attached to the request for best and  
25 final offer from ADS which in itself was sent to us in response for a

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request for best and final offer from the DoD from the joint project team.

The point I want to make in this particular regard is there and as far as I know the prices of the various elements are recorded and if I am correct in saying so the, I have to make sure that I am referring to the  
5 correct point. If I may just ...[intervenes].

ADV SIBEKO: You will see the spreadsheets are marked at the bottom of each schedule the spreadsheet page 1/10 it is our page 1021 and then it continues to page 2/10, 1022 et cetera. Do you see that in the various columns there is something like the segment element, acronyms  
10 and so on.

DR YOUNG: I know the quick spreadsheet quite well. I am finding my way around a sheet. I am have to the relevant part which is the 6<sup>th</sup> sheet page 6 but I just need to start somewhere else.

COMMISSIONER MUSI: Can I just point out that the copies we have  
15 are completely illegible. You cannot read it.

ADV SIBEKO: Commissioner Musi I am struggling to read as well. We will try and get the team to make this A3 spreadsheets perhaps those might be a little bit more legible subject of course to the machine being in a functional working order.

20 CHAIRPERSON: I think in the mean time we will carry on.

ADV SIBEKO: Indeed Chair.

DR YOUNG: I at least have A4 landscape versions and unfortunately my eyes are poor and I can just make it out. Not so much the size but the quality of scanning and printing is not that great. Nevertheless be  
25 that as it may. On the very first page down the very left hand side I



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have added in, my version at least I have done this specifically to indicate what I have put it just for me to be able to find my way around.

Is the indicator IMS. Are we all on the same page with that?

ADV SIBEKO: Are you on page 1 of that annexure?

5 DR YOUNG: Indeed correct. The way that this spreadsheet work is in unfortunately a matrix of mainly two by five which makes 10 in terms of let us stay horizontal there are five spreadsheets and the second part of columns is then comes from sheets 6; 7; 8 to 10. In fact I am pretty sure that is why it is like this. If one put this together it would be a big matrix  
10 of 10 spreadsheets, five down and two across. That is why I found the [indistinct] of the IMS I have to go to spreadsheet page 6.

It is important that I start off with the first page. I am not going to spent to long over this. On the first page one can see at this particular point the IMS as in the system integrated segment and is indicated in  
15 the column as contractor as CCII. Okay I think also it is in respect of a price break down for week 12 proposal, corrected version. It has got American date right at the top unfortunately. Those people who do not fiddle with the spreadsheet settings gets the American date it is certainly was not for 5 November 1999 it was 11 May 1999. I think that is fairly  
20 clear by inference.

ADV SIBEKO: So that page 6 of that spreadsheet you are referring to is our page 1026?

DR YOUNG: Probably but I do not want to go there otherwise I am going to lose my place on page 1. That is where I am starting. The  
25 information system and its companions being the network interface

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cards which I can just read here and it's bust tester are indicted both being supplied by CCIII and the amount looks to me like R34 million and so they have obviously taken our quoted amounts and they have put this into various categories.

5       The point that I am trying to get to here is here is detailed breakdown of our prices coming out of at least, our final BAFO was 14 May and in fact that confirms my point. This was an addendum to the request for BAFO that we got on 13 May and it was resulting from the JPT request for test and final offer. That was attached to it. So here we are selected  
10   and my view not only are you selected but you disclose to all and sundry the prices.

Now remember we just actually talked about in the previous document 16 different companies. Elsewhere it is reported 18 different companies. At least 18 different companies would have been provided  
15   this request for best and final offer. So all of them are being sent this spreadsheet directly from ADS. That is where annotated right at the top ADS. The Government the state the joint project team is disclosing our prices not just the bottom line price but details of our prices.

Now unfortunately that is an unfair comparative. How unlawful it is I  
20   do not know. In my view once you have gone this far in a acquisition process and then it gets open up to competition it has to open up very very serious questions about un-reasonableness and unfairness. It cannot be in fact. Once you have exposed a company's price that is it. It would only be fair that if our prices were so unreasonable at this stage  
25   that they did not fit into the greater scheme things.

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Why I have addressed these prices on the first page, page 1 here is how IMS prices were indeed reasonable. If we go down to the next point you come to CMS and you also come, that is allocated to ADS you can see that in that column. Even the NBS at this stage BAFA

- 5 **CHAIRPERSON**: We have a suggestion to make. We want to adjourn for 15 minutes and from there we come back until 18:00. We want to try and see if we can finish this witness.

**DR YOUNG**: I am quite happy to stay here until 06:00 tomorrow morning.

- 10 **CHAIRPERSON**: Tomorrow morning thank you. Any objection there is an offer the witness is saying he can sit here until 06:00 the following morning. Can we adjourn and come back after 15 minutes and continue and see how far can we go.

### **COMMISSION ADJOURNS**

- 15 **COMMISSION RESUMES**

**DR YOUNG**: (s.u.o.)

**ADV SIBEKO**: Dr Young when we adjourned we were still busy with that document of our RMY46 and you were just about the deal with the CMS portion of the price breakdown.

- 20 **DR YOUNG**: That is correct yes.

**ADV SIBEKO**: You may proceed then.

**DR YOUNG**: As I said under the indication the top of this document that particular column says contractor. It does not say candidate or supplier it says contractor. In any case under CMS Contractor it is indicated as

- 25 ADS.

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Now just to put thing in date perspective again we are talking about 11 May 1999. The C-Squid I-Squid, NDS has already been selected by the State and you will see this document still says supplier as ADS which is something with ...[intervenes].

5 ADV SIBEKO: Where are you?

DR YOUNG: I think it is the very last line, I have indicated there NDS on the left hand side, last row.

ADV SIBEKO: The last row of our left hand side has navigation intergration... computer.

10 DR YOUNG: Exactly there. If you look three column to the right you see ADS.

ADV SIBEKO: Yes.

DR YOUNG: The point that I am trying to make is this page in May 11 May 1999 C-Squid I-Squid had already won the competitive bid against  
15 ADS to supply the NDS yet they are still indicated as ADS. Nevertheless we soldier on. I am now going to my page 6 of 10.

ADV SIBEKO: That is 1026.

DR YOUNG: Yes. I do not know about those kind of page numbers.

ADV SIBEKO: Are you looking at the first left hand column?

20 DR YOUNG: Yes in the left hand column indicated in the grey there is subtotal in the first column. In my version I have indicated an IMS so that I can get to the right place. I do not know if it is in your version or not.

ADV SIBEKO: No.

25 DR YOUNG: I am sorry about that, that is exactly why I did it on my

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version but I had to discover the original version a year ago and I have worked on this since then. If we go down the column and subtotal you will see an amount of R56 million. You will unfortunately have to believe me for this stage. That is the IMS column. We have just been dealing  
5 with the IMS and that is the relevant IMS column R56 million. We know that fairly easily if we go to the remarks column which is the second last column. You will unfortunately not be able to read it or maybe not but I can see there that it says, NIC it stands for Network Interface Card Cost to be included in such. I just know that I am on the right road because I  
10 would hate to be pointing at the wrong road.

What I am trying to get at here at this stage at least including VAT on  
11 May our IMS has been quoted to the State looks like R59 million including the VAT and it is in the column that is headed right at the top, total cost at 14 VAT included.

15 ADV SIBEKO: Does that discussion on the matter exhausted at least what you referred to paragraph 22 to of your statement in which you deal with price increases?

DR YOUNG: Not quite. Just remember that I am trying to prove these things as far as I can. What I can try to at least justify what I am saying.  
20 If we look at the price of the R59 million and we go up to the top three columns there is a price of R234; R181 and R10 million. Those are the prices that I have discussed before for system or participation in system contractor their project management and system integration. I already talked about a total price their ADS was quoting of over R400 million.  
25 That is where I get that from. Maybe that is not the only reference to it.

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That is a in terms of a documents that is not my own.

If we go further down under IMS, unfortunately on the very left hand shaded column I do not know if you can read the figures. There is a amount of it looks like R364 but if you go along that row which is much  
5 clearer, in fact I have actually highlighted that row anyway. You see an amount of R353.719 that is the price at this stage being offered for the CMS. R353.7 million.

As I have been trying to say many time before. If you look at the description column or the comments column the second last column it  
10 says based on Tavitac NT Building Block adapted and customised for SAN functional requirements and locally developed cost. Commercial of the shelve based hardware... Seven oceans based. Anyway the point that I am trying to make this CMS is indicated at the sum of R353.7 million.

15 ADV SIBEKO: Is there any aspect of the combat suite that you want to bring our attention too?

DR YOUNG: No I think that, that suffices for the moment.

ADV SIBEKO: You statement then makes reference to your acceptance by the State of ADS's integration fee of R425 million as  
20 oppose to a fee of R150 million which had been estimated as at January 1989?

DR YOUNG: That is correct, yes.

ADV SIBEKO: In this regard you refer to your document 0202 which is our RMY18. Is that correct?

25 DR YOUNG: That is another schedule or spreadsheet.

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ADV SIBEKO: That spreadsheet that you referred to during the course of your evidence I think it was on Thursday?

DR YOUNG: That is correct, yes.

ADV SIBEKO: Is that anything else you wish to add regarding that  
5 reference you can proceed further.

DR YOUNG: No I am just looking at that and my eyes are getting confused. So we have, sorry. It is very difficult for me to read it is on the record already and I think it suffices for the present time.

ADV SIBEKO: In any event you would have dealt with these at  
10 paragraphs 120 and 126 of your statement. You then proceed to state on 3 December as you mentioned earlier that the written contract was supplied to Corvettes were concluded and that this contract makes provisions for the use of the Detexis System rather than the IMS that was provided by your company.

15 DR YOUNG: That is correct, yes.

ADV SIBEKO: You mention at paragraph 268 of your statement that as at that time neither you nor CCII Systems had been formally notified of the decision to replace the IMS with the Detexis System. When did you first become aware of that?

20 DR YOUNG: Well it is probably different from when I first became aware of it and when I first became officially aware of it. I do not think that we were ever officially advised by anybody and of course inferentially I certainly realised that, people were not longer communicating with us in this regard. So obviously I had to infer that  
25 the IMS was not or no longer selected.

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As on my document RMY48 the first time that we were officially advised of this is 18 months later in respect of a letter sent by the Director of Naval or acquisition was signed by the Direction of Naval Acquisition Admiral Van der Schyff who signed here as instructed on behalf of Chief of Acquisition who was at this stage Chippy Shaik.

ADV SIBEKO: Yes, RMY48 is that document appearing that is a document appearing at page 1041 of our bundles. It is a letter dated 6 October 2000. A letter of the Department of Defence addressed to R Young. It has enquires Mr S Shaik. Is that the letter that you are referring too?

DR YOUNG: Yes.

ADV SIBEKO: You say that, that was the official notification that you [indistinct] to the substitution of the CCII System what the IMS with the Detexis System is that right?

DR YOUNG: That is correct, yes.

ADV SIBEKO: Anything you need to add?

DR YOUNG: It is certainly relevantly what I have highlighted here and hopefully have blogs there. The third paragraph down. It starts with „therefore due to financial constraints.“ Can you see that?

ADV SIBEKO: That is in the middle of the third paragraph with start with the Department of Defence. Yes I see.

DR YOUNG: That is correct. It would certainly just put things into perspective now of the position that was being taken by the Department of Defence:

*“Therefore due to financial constraints of the project the combat suite*



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*selection process [indistinct] became a design to cost exercise. Furthermore the combat suite had to be offered against the approved SA Navy User Requirement Specification which is a function specification with all potential suppliers indentified as candidates*  
5 *suppliers only. Thus CCII was only a candidate supply during the IFO and the BAFO rounds combat suite [indistinct] with no supply being implicitly or explicitly nominated or excluded."*

Unfortunately what based on what I can see in front of me what I have been ventilating the last couple of days that just cannot be correct. First  
10 of all if we are offering the combat suits in the sub systems according to the approved, here is proof. The Navy User Requirement Specification I do not think it is combat suite requirement specifications. It might be incorrect.

Even if it is the NS of Navy Staff Requirement it is approved that  
15 seemingly if it had an offer against that then what was chosen in no way whatsoever conformed to that whereas we did. Certainly in the ROF and the BAFO rounds we might have been referred to as candidate supplier previously we were referred to as a nominated contractor. We were only candidate supplier. There was nobody else. As I have said in  
20 the past 10 years the BAFO round we not only indentified as candidate supplier but we are indentified in terms of our own price not only on our price but on our price breakdown.

I think it is relevant to put these two things what is being said here in context. Maybe I am belabouring the point slightly or certainly it did  
25 become a design to cost exercise but only because the untenable

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possession that the State found itself in negotiating with a supplier that was in an extremely advantageous position. The last point says due to financial constraints of the project. Really as I said the financial constraints were so that they were constraint from going from R1.9 to

5 R2.6 that they could not fit in 20 or 30 or 40 million to cover the IMS risk.

In anybody's language those financial constraints were very [indistinct] indeed.

ADV SIBEKO: Are you aware at any stage when the Detexis System was chosen as the preferred Databus whether the SA Navy used the

10 requirement specification for combat suite been changed to incorporate that Detexis System?

DR YOUNG: No not at all. I did address this point on Thursday or Friday as far as I know and of course I am no longer on the mailing list of updates it has not been changed. It still exist and it is still relevant.

15 What I do understand what happened is that there were two relevant points. Is one the so-called differences between what were provided under Project Sitron and this specification would be addressed in terms of what was turned as a Delta Document.

The way that it was addressed was as though the Delta Document

20 existed. I have never ever seen that at all. Anyway the inference of that and if there is truly a discrepancy which will be remedied or rectified is that document is still valid and relevant as today. The other point that I wanted to make was instead of proceeding with the Navy baseline, technical baseline is at a later stage, very later stage is ADS starting to

25 write its own specification is called the SSS or System Segment

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Specification for the combat suite.

Initially the draft of that leads to the first point that I supplied also referred to the IMS. Our IMS but not much later the second version that came along in fact I saw there. One had red line and [indistinct] that  
5 version I saw had the IMS struck out and replaced with the Detexis System. The final version the red lines are removed and only the Detexis System is there.

So effectively what has happened was that the function or the baseline or whatever context were dysfunctional or contractual or as  
10 build or whatever it is now replaced by ADS's own system. I would also in my view consider that as a interesting acquisition practice. Where you allow the baseline the accepted baseline from the user or the buyer as it get called to be replaced by a document or a baseline of a supplier.

ADV SIBEKO: Now that brings us to the conclusion that, that  
15 discussion I believe of the conclusion of contract in respect of the combat suite for purposes of your evidence I believe. That brings us to your discussion on allegations of corruption, Corvette Platform and that discussion starts as from paragraph 270.

DR YOUNG: Yes. if I may say so that is probably the main why I am  
20 here. Is because that is the main terms of reference of the Commission. I cannot ventilate those things without putting context in excruciating detail on the table. Otherwise the big picture is not there. The big picture in the context is what I have tried to paint over the last three days. I apologise for that but it had to be done.

25 ADV SIBEKO: Your discussion of the allegations of corruption

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regarding the Corvette Platform I see from the discussion here and based on the contents of a [indistinct] to the South African Government that you refer too in your document at RMY50. Is that correct?

DR YOUNG: That is correct, yes.

- 5 ADV SIBEKO: Now that RMY50 start at page 1044 and it is a document written in a written in a language that I cannot read. Are you able to indentify that document for the record please?

DR YOUNG: Yes I can identify it by date but I certainly do not want to pronounce even the first couple of words.

- 10 ADV SIBEKO: There is an English translation I believe of that document I believe which starts at page 1053 that would in your bundle be at the language that you and I cannot read. Have we found the translation?

- DR YOUNG: Well it is in German because it comes from the German  
15 Authorities. My brother-in-law and sister live in Germany so I recognise the language.

- ADV SIBEKO: You indicated during the early stages of your evidence that in the cause of your involvement in issues relating to the procurement of the special defence projects you have been in contact  
20 with authorities from various jurisdictions including the Germans is that correct?

DR YOUNG: Yes that is true but that contact with them has got absolutely whatsoever to do with this document. If you want to know the origins of this document in my context I am quite happy to tell you?

- 25 ADV SIBEKO: How did you get hold of this document?

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DR YOUNG: This document ended up after being sent to the German Authorities to the South African Authorities and I believe at that stage the Minister of Justice in this country was somebody called Bridgette Mabandla. These documents ended up in something which was globally  
5 called the Mabandla Dossier.

ADV SIBEKO: How did you get hold of the Mabandla Dossier?

DR YOUNG: The reason why it became the Mabandla Dossier and it was being addressed by the Department of Justice in this country because a representative of Thyssen [indistinct] mentioned this  
10 document. He is the local representative. His name if Fred Muller had complained I believe because and the company that were being represented were being indicated in a negative light.

In response of this and as far as I can remember I do not know all the details honestly. most certainly do not know them well enough I do not  
15 think that they are actually relevance to my evidence. I will do my best is that the NRA which is exactly what is saying is a mutual letter of assistance to request from the German Government. this particular one happen to be the Swiss Government.

As I have said there was a companion 1 which I were led to believe  
20 which was almost exactly the same. Certainly this particular form of out came out of the Mabandla Dossier and effectively what Fred Muller had done is he tried to made a representation to Minster of Justice or the Ministry of Justice that a South African Investigating Authorities would not act on this document to either corroborate with the Germans or  
25 possibly to initiate an South African investigation of its own.

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ADV SIBEKO: As you point out this document at page 1053 says it is an MLA is says Judicial Assistance Dealing with Switzerland. How does they relate with the German one?

DR YOUNG: Sorry could you just repeat that?

5 ADV SIBEKO: I said the document the English translation of the documents that we are looking at which starts at our page 1053 as the heading, The Chief Senior Public Prosecutor, Judicial assistance dealing with Switzerland. The question that I am asking is how does this relate to German that you referred too?

10 DR YOUNG: Unfortunately I have never seen the companion request which I believe was made by the same German Judicial Authorities to the South African Authorities. What I am told is that they did want Switzerland because that is where the money ended up and so they requested assistance from the Swiss Authorities. I am not 100% sure  
15 but it is just what I have been told is that the German requested the South African Authorities disappeared.

ADV SIBEKO: Now this documents as it reads as follows:

"Request for investigation of account information ...[intervenes].

CHAIRPERSON: Just hold on Advocate Sibeko. I see on paragraph  
20 271 Dr Young mentions the fact there is so-called Germans MLA South Africa the Commission has possibly received a copy thereof or the Commission has a copy thereof. I just want to mention that, that is incorrect. Commission does not have that copy.

DR YOUNG: Okay, I am quite happy to accept that.

25 ADV SIBEKO: Thank you Chair.

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DR YOUNG: But is I may say so I think that I am pretty sure that these documents exist and somebody at least should have them.

ADV SIBEKO: As from paragraph 272 of your statement proceeding to about the end of 273 you gave a summary of what is contained in that  
5 document. Can you just take us through that?

DR YOUNG: It is quite a lengthy document and it is difficult for me to find the exact pages to read out. As I have said in my witness statement the German Authorities formally alleged bribery of some USD 22 million paid to a range of South African Functionaries through a  
10 Liberian Registered Company Mallar Inc owed by one Tony Georgardis.

That is in paragraph 2B of the 2(ii) of the MLA. That was what I was trying to find.

ADV SIBEKO: Is it correct that the summary or what is set out in your warning statement has been taken out of the document which is  
15 RMY50?

DR YOUNG: I would certainly like to say so but I would not say that under oath.

ADV SIBEKO: Would you perhaps repeat that?

DR YOUNG: I said that I would certainly like to think that I would  
20 certainly like to say that but I do not know whether I can say that under oath.

ADV SIBEKO: From the document that you have produced at RMY50 that is so that the document amongst others request for investigation of account. Information and bank records in an investigation regarding a  
25 contravention of The International Corruption Act, Fraud of an serious

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nature and attempted tax evasion and it relates to an investigation that was instituted at the office of the public prosecutor in Dusseldorf against certain German Nationals amongst others.

DR YOUNG: Yes working from memory I think you are completely correct. Fortunately in this case I do not think that I have tried to quote I just tried to paraphrase what the document says but certainly I am looking for the correct 2(ii) and see paragraph 2(ii). I am certainly happy to work from this.

ADV SIBEKO: You can proceed from that point.

DR YOUNG: There is something that struck my eye. It starts of on my page 12 and 2: Facts of the case. 2A says this investigation is based on the following essential causes.

ADV SIBEKO: That would be at our page 105.

DR YOUNG: My PDF pages is 12 pages?

ADV SIBEKO: that you will find under facts of the case is that correct?

DR YOUNG: That is correct.

ADV SIBEKO: Paragraph A that it is a [indistinct]:

*„The investigation is based on the following [indistinct]?”*

DR YOUNG: That is correct. Carrying on it says:

*“The company Thyssen Rheinstal Technik GMBH Blom & Voss. GMBH and Howaldtswerke Deutsche Werft GMEH [indistinct] joined together as a consortium namely the German Frigate Consortium. This consortium initially participated unsuccessfully in the invitation to tender to modernise the South African Navy which project entailed the building and delivery of four Corvettes.*



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*After the invitation to tender the same project was repeated four years later and the consortium was successful and on 18 November 1998 it was appointed as preferred supplier.*

*Negotiations to that effect then took place which eventually after*  
5 *several Cabinet decisions of the South African Government resulted in*  
*the execution on 3 December 1999 of an agreement for the building and*  
*delivery of four Corvettes. So the South African Government*  
*represented by the Department of Defence and the departments*  
*Purchasing Organisation Armscor and the South African Department of*  
10 *Trade and Industry became the contract partners to the consortium.”*

I do not think we need to go through the rest of that I think we can now start at paragraph B. It reads:

*“The consortium had in fact pay considerable bribed to achieve the*  
*conclusion of the agreement. In contravention of section 2, paragraphs 1*  
15 *and 2 of the Prevention of International Corruption. The Corruption Act*  
*read with paragraph 334 and 334 of the German Penal Code in the*  
*course of which Thyssen Rheinstal Technik GMBH as prior state of*  
*affairs took the leading role within the consortium. In addition the*  
*corresponding undertaking to pay in favour of South African Officials*  
20 *and members of Cabinet whose names were at that time only partly*  
*known could have resulted from a time prior to the conclusion of the*  
*agreement on 3 December 1999.*

*The payment of the bribe money was tied up by the fact that Thyssen*  
*Rheinstal Technik GMBH concluded a commission agreement with a*  
25 *letterbox (shelf/shell company) namely Mallar Incorporated a company*

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*registered in Liberia for over USD 22 million payable over a period from April 2000 to October 2001 in terms of which at least the predominant of the aforementioned now directly or indirectly flow to South African Officials and member of Cabinet after the coming into the effect of The*

5 *Corruption Act on 15 February 1999.*

*Exactly when the corruption money reached the receivers thereof could as at yet not be finally confirmed within the framework of this investigation.*

C. *The bribe payments were a part of the consortium's officially*

10 *submitted offer nevertheless with the submission of the offer of the consortium an untruthful representation was made to the subsequent contracting parties that the required total contract price comprised in remuneration for the required performance and not bribes.*

ADV SIBEKO: Is there anything further that you wish to add. I see that

15 mention is made paragraph D of Thyssen Rheinstal Technik GmbH in turn to deduct the informant payment on tax?

DR YOUNG: No I think that it is sufficient for the purpose right now but the entire document is pretty interesting so I would like to consider that the entire document is on the record.

20 ADV SIBEKO: Now accepting for purposes of your evidence that the referred document is on record that would bring us then to paragraph 274 of your statement.

DR YOUNG: No 272.2.

ADV SIBEKO: Oh I beg your pardon.

25 DR YOUNG: It says here at 272.2:

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"That the German Authorities alleged a further USD3 million bribe paid to a British Juristic Entity Merrian LTD. The company controlled by one Ian Elvis Pierce of behalf of Chippy Shaik refer to paragraph 2e of the MLA.

- 5 ADV SIBEKO: That is paragraph 2E that appears just above the heading at page 1058 which says Extent of the requested action for judicial systems?

DR YOUNG: I think to yes.

- ADV SIBEKO: That would be on page 6 of your, I believe that the  
10 portion that you are reading from is it the one that starts with the sentence:

*"With the help of the deceased records proof can already be learned that the abovementioned agreements of [indistinct] were abided by and the promised funds indeed paid."*

- 15 Is that right?

DR YOUNG: Yes, I would actually like to start at the beginning of E. Where it says in the framework. May I do that?

ADV SIBEKO: Yes.

DR YOUNG: I read:

- 20 *"In the framework of this investigation the Investigation Committee consisted of officials of the State Office of Criminal Investigation in Nordhihein-Westfalen the Investigation Service into suspected tax offences of Essen as well as the officers of the Public Prosecutor in Düsseldorf have already been searched. The business premises of*  
25 *Thyssenkrupp AG as well as several daughter companies in Düsseldorf*

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*and Essen and Howaldtswerke Deutsche Werf GmbH in Cologne. Brom & Vos GmbH in Hamburg. Man Ferrostaal AG in Essen as well as to a large extent the private residences of the named accused and have seized extensive evidence.*

5        *With the help of the seized records proof can readily led to the above mentioned agreements of Thyssen Rheinstal Technik GmbH were abided by and that the promised funds indeed paid. In this way the consortium paid through the middle man Ian Pierce that signed the commission agreement on behalf of Mallar Inc USD300 million to the*  
10   *South African Official, Shabir Shaik who acted for Armscor so that is he (Shaik) in violation of his official duty could promote the conclusion of the agreement for the delivery of the Corvettes.”*

I do need to say and that is why I am just leaving it to the record. That although this document refers to Shabir Shaik that is clearly a  
15   mistake. Shabir Shaik never acted for Armscor and neither did he violate or ever have an official duty. So it is clear that they are referring to Chippy Shaik and we will come to that in respect of the agreement to which they refer with the seized record that is the agreement of Thyssen the first two of which are discovered documents and I think that they are  
20   also documents referred too as evidence document. The third one more recently included in my won subsequent discover schedule where one also can see the reference to Ian Pierce and Ian Pierce never acted for Shabir Shaik but acted for Chippy Shaik.

ADV SIBEKO: Paragraph 272.3 you mention that the MLA indentified  
25   suspect, nine German officials of Thyssen?

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DR YOUNG: Yes indeed. I mean the group of the Thyssen maybe not them but it is certainly a member of the consortium but Thyssen certainly own Bhlom & Voss now but I think it included Dr Herbert von Nitzcsh. Please excuse my pronunciation. The senior executive  
5 involved in the South African Corvette Deal.

ADV SIBEKO: These officials are they the one listed on page 1 of the translated document which appears at our 1053?

DR YOUNG: Yes they appear in both the translated version and the original version. The translation is not too difficult.

10 ADV SIBEKO: Would you like to read that names into the record or can we consider them to be on the record already?

DR YOUNG: Do you want me to read all of the nine names or do you want me to just read the Nitzsche, Muller and Sven Muller names?

ADV SIBEKO: Those that interest you will suffice.

15 DR YOUNG: They all interest me. Indeed if I may say they should all interest the Commission as well.

ADV SIBEKO: You can read them then it is correct.

DR YOUNG: It is easiest for me to then just scroll to the very top. So I will read some German here. All right. I am not going to read every  
20 single item including address but I will read sufficient to identify the people.

"Person A: Jurgen Gerhard Koopman, birth date 1 May 1942.

Person B: Pieter Jurgen. Wohigemut, birth date 13 March 1940.

His name come up again. Jurgen Koopman if I may say at this stage  
25 is an important person in these proceedings for me a very important

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person coming up.

Person C: Christoph Hoenings, birth date, 19 September 1948, Thyssen

Ulrich Scheel, (I think he might be from Ferrostaal I am not sure) birth  
5 date. February 1944.

Swen Moller, he is the South African representative of Thyssen president in this country I have mentioned it before. Birth date 14 July 1967.

Dr Erich Vorster, birth date 5 November 1940, I do not see his name  
10 coming up again. H

Dr Herbert von Nitzsch, birth date 28 September 1939.

Klaus-Joachim Muller from Bhlom & Voss I think he was a project director for this project. His name comes up in further relevant document. Birth date 16 April 1948.

15 Klaus Bauersachs, birth date September 1948. He does not seem to come up again. Then there are Greek ones.

Tony Georgiadis. He is a Greek National living in the UK with also addressed I see born in Mombasa in Africa but also an address in Fresnuye, Cape Town South African. Birth Date 6 July 1945 and if I  
20 may say so he is the primary representative of something that was called the German Strategic Alliance.

ADV SIBEKO: At paragraph 273 you mentioned that the MLA also recognise the German Prosecuting Interests and a host of South African Interest companies and individuals. You list all of these as on 273.1 up  
25 to 273.34.

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DR YOUNG: Yes as I have specifically chosen the words carefully I just said that the MLA identified that those people having an interest in them I am certainly not even casting aspersions against all of them. Maybe some of them are relevant in that context but certainly not all of them are. I did not want to be accused of cherry picking and of course this particular document to which I refer actually was the founding annexure of my supporting affidavit in support of Terry Crawford Brown's application to the Constitutional Court.

They founded this Commission of Inquiry not for wanting to score in points whatever I just believe that at this stage that identifying all the parties was the more appropriate option.

ADV SIBEKO: Attached to Annexure A was a warrant to enter and search premises and it has schedules and a list of names of people et cetera. Is this of any relevance for purposes of your statement and also in the light of what you just said now.

DR YOUNG: I have to be frank, I am not a 100% sure whether the search warrant itself was part of the MLA. What I am sure of is that it was part of the Mabandla Dossier. From what I remember now from having scroll down very fast is that search warrant or request for search warrant was in the United Kingdom and that document was in English. So it could have well have been attached as an annexure of the MLA I am not sure. It certainly was part of the Mabandla document that I was provided with.

It is a little bit difficult to read have to be honest but that is the way that it came. It has got an interesting set of names. What from what I

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can remember the most important object of desire for the search warrant was Tony Georgiadis I can see a reference here to Mallar Inc. which was his company in Liberia and another company of his, a company (it is difficult to read) Alandus Limited and another one that starts with a

5 Vver....cannot pronounce the word in full

As far as I am aware that this search warrant mainly was in respect of Tony Georgiadis.

ADV SIBEKO: Is there anything else that you need to add with regard to the list of people in which respect the authorities might have had an  
10 interest before we deal with the allegations made by the German Prosecuting Authorities?

DR YOUNG: Well there is certainly one name that I am looking at right now that I have addressed a little bit further in my witness statement and that is the name of Jurgen Koopman. As far as I remember he  
15 represented Thyssen. In fact he visited this country and there is a documentary record of his meeting with the Chief of Staff Naval Acquisition, In fact it was the Chief of Staff Plans Naval Acquisition at that stage Admiral Howels. So that is important.

I see this document in English here refers to persons under  
20 investigation as Jurgen Koopman and Others.

ADV SIBEKO: What page are you referring to here?

DR YOUNG: It is I am not sure whether this is an English translation I think this might be an original. It is my page 26/29 so it is like the first last page of the end of this document. It is, I has got a big K written on  
25 it. Under K is serious Fraud Offers.



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ADV SIBEKO: That would be your page 1069?

DR YOUNG: I do not know those numbers so I just nod my head wisely.

ADV SIBEKO: Yes that refers to persons under investigation Jurgen Koopman and Others. Criminal Justice Act 1987 section 2. Is that the  
5 documents that you are referring too?

DR YOUNG: That is indeed correct.

ADV SIBEKO: It is a document from the Serious Fraud Office in London and it has a reference of MLA D02507?

DR YOUNG: That is correct. I think that it is relevant to point out that  
10 the reason why the Germans with their MLA as we talked about the beginning, the original MLA was to Switzerland because that is where some of the money was.

This particular document was with regard to the serious fraud office because that was first of all where Tony Georgiadis was *domiciled* I  
15 think that is ventilated in the three German Investigating Reports in much more detail. Working from memory is that there was clear collusion between Thyssen and Georgiadis with the methodologies of payments.

In fact I think I remember that it was Georgiadis's recommendation to  
20 Jurgen Koopman or Christoph Hoenings or both that a safe deposit box got set up in London certainly not the Kingdom where the agreement regulating what was called the Bribery Agreement USD300 million payment was kept in a safe deposit box in the United Kingdom and it required two key access. One from let us say from Christoph Hoenings  
25 certainly Germans and the other one from not necessary Chippy Shaik

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himself but his representative Ian Elvis Pierce. That is the main reason from what I am remember of why there was this corroboration or collaboration with between the Germans and the British.

ADV SIBEKO: Is there anything else that you need to add with regard  
5 to this annexure before we move onto the next one?

DR YOUNG: No that is sufficient at the moment.

ADV SIBEKO: In RMY51 you make further reference to allegations that are made by the German Prosecuting Authorities through a document that is entitled NOTIZ it appears at page 1073 of the bundles.

10 DR YOUNG: That is correct, yes.

ADV SIBEKO: That document I believe are also written in German but there also is an English translation at 1075. Can you just deal with that?

DR YOUNG: Yes. The original document I understand was seized during this raids by the German Investigating Authorities of various  
15 places including offices of Thyssen and I believe at this stage, only be inference. I know that Christoph Hoenings"s own residence was raided and that yielded a number of relevant documents. Including those of geographic places yielded this document.

As one can see right at the top the memorandum is dated in the place  
20 of Dusseldorf on the date I think it is 8/8/1998. Certainly in a translated version I think I have got the date correctly. It is indicated as a TRT document. So it is indicated as TRT/F2, F2 might mean a folder name or a file name I am not sure. The TRT almost definitely refers to the name of the company a member of the German Frigate Consortium  
25 obviously a subsidiary of the bigger Thyssen AG called Thyssen

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Rheinstal Technik.

I am not going to read the German because my German is non-existent. I will say that this document was sent to me from Germany. I will also say that I do not know who sent it to me. I will say that it would  
5 definitely not by inference it was not sent to me officially by the German Investigating Authorities.

I specifically mention on the first day the request of the chairman the name of Detective Chief Inspector Andreas ...[intervenes].

COMMISSIONER MUSI: I am sorry. I missed the last view words that  
10 you said. Can you perhaps start from the beginning?

DR YOUNG: Yes, I will try to start from the beginning. What I can say that I received this document from Germany. I was faxed to me. It was definitely not sent to me officially. When I mean officially by the German Investigating Authorities and specifically not officially by the person  
15 whose name I was asked to disclose last Thursday who is Detective Chief Inspector Andreas Bruns. I think effectively from the German Detective Branch. So it was sent to me from Germany.

What is do know is later having been a complainant to the Scorpions a director for special operations and my complaint in terms of affidavits  
20 to the Nelson Police Station and then sent to the Pretoria Brooklyn Police Station and the case being opened by a witness how is hopefully still coming up in these proceedings Colonel what he was then, Senior Special Investigator Johan Rooinaken and du Plooy. I do know him being my case officer that this document was also received  
25 independently by them.

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I am fairly confident as confident as I can be to the assistance of the Commission that this document is genuine. I will also disclose at this stage that I retyped the German original on a second page and did the translation on the third page.

5 ADV SIBEKO: Do you speak German?

DR YOUNG: Not but Google does.

ADV SIBEKO: [Laughing].

DR YOUNG: Once you type something as neatly as I did as you can see the second page, Google translate function gives a good enough  
10 translation to get the meaning and import and the little bit of contextual knowledge one can even remedy the atrocious how can I say, English is obviously a very difficult language to translate. One can get that into a reasonably understandable format. I have run this past various people as I have said, my brother-in-law almost the same age as me was a  
15 [indistinct] engineer he is a German. He lives in Munich. My sister has lived here for 20 years and I have run this past various people.

As far as they are concerned this translation is good enough at least to transfer the meaning. If this was a court of law where a sanction might result from this I will pay lots of money to have court approved  
20 translator, translating it.

ADV SIBEKO: Would you like to read this document into the record?

DR YOUNG: Yes I will take the liberty of reading the English version.

ADV SIBEKO: It is at page 1075.

CHAIRPERSON: 1075? Advocate Sibeko before his reads this  
25 document into the record. I am not quite sure that whether Dr Young is

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saying what he is going to read into the record is the Google translation or whether it is a document to which his sisters and brothers who are in Germany made an input. Can he just clarify that. I am not quite sure what we are reading into the record. He said that on several occasions  
5 that his understanding of German is limited. Can we just understand what he is going to read into the record?

DR YOUNG: I retyped the original version as one can see I cannot read so easy very extremely carefully character by character to make sure that the German typed version above is almost as close and precise as  
10 possible. Then I submitted that to Google Translate and it responds with a reasonable English translation of the German original it gets various things wrong maybe like tenses and punctuation and not. Not the meaning not so important things. I have corrected that to make it read properly in English as a normal translator would do that properly.

15 I then ran this past various people who are at least I would not say fluent in German can speak both English and German to find out if there were any mistakes. The answer was no. Where things I could not translate they could not translate directly themselves you will see I have not tried to even hide that. If you go right to the top of the page you see,  
20 C Hoenings/BO. That is what the Germans said. You will see one word which even German speaking do not quite know exactly what the contextual meaning it. The fourth line after guilt, I have left that there in square brackets. So if it had any specific meaning it does not disappear. I am confident that what I am put here is appropriate for the  
25 purposes of why I stand here today.

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COMMISSIONER MUSI: Before you read the document can I for my own understanding. Did I understand how you came into possession of this document, the circumstances?

5 DR YOUNG: Yes I think I am repeating myself now. As I said it was faxed to me from Germany. That is the original signed version. It was faxed to me from Germany and I retyped from what I could read that is what I called the typed German original above this typed version. I typed that from what I could read in the original faxed version.

COMMISSIONER MUSI: By whom?

10 DR YOUNG: I said that I do not know that.

COMMISSIONER MUSI: What were the circumstances?

DR YOUNG: The circumstances were all and sundry anybody interested in the Armsdeal anybody who was interested in corruption in this country. Anybody who is interested in bribery and corruption and tax  
15 avoidance in Germany was interested in this particular matter. We are taking about the document having been seized I think in 2007. So certainly by 2007 I had already been involved for about seven years in the public domain as being somebody interested in the Armsdeal and the Corvette Contract in particular.

20 Chippy Shaik somebody that I testified about in the Public Protector Hearings in August 2001. So many people across the world I even gave an interview to an Australian Broadcasting Cooperation know that I am interested in this and for some reason. Well not for some reason, for very good reason knew that I would be interested in this document.

25 COMMISSIONER MUSI: The person who sent you. You do not know

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the name or is it a case of you withholding the name of the person, was it an anonymous someone or you are withholding the name?

DR YOUNG: Sorry there was at least to coughs there. I lost what you said I am afraid I was very quiet. You can either repeat yourself to me if

5 I cannot hear it then unfortunately I have to ask Advocate Sibeko to

COMMISSIONER MUSI: Was the document sent to you anonymous or are you simply withholding the name of this sender?

DR YOUNG: Sorry I did not hear a word of that there was some kind of ...[intervenes].

10 COMMISSIONER MUSI: I think there is something wrong with my microphone.

ADV SIBEKO: I think Commissioner Musi wants to know if the document was sent to you anonymously or whether you are withholding the name of the person who sent the document to you?

15 DR YOUNG: No, it was sent to me anonymously.

COMMISSIONER MUSI: I see my microphone is not working. Yes, thank you.

ADV SIBEKO: If I understand your response to the Chairperson's question with regard to whether the document that you are about to read  
20 into the record is a Google Translation or whether it is a document that several people has given input too. Did I understand your response correctly to say, it was a Google translation which was modified once you had picked up certain mistakes from the Google translation and that you requested people who speak English and German to confirm the  
25 corrections that you have made?

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DR YOUNG: Yes I did the correct punctuation and tense corrections. Nobody else has as far as I can remember actually made an correction. All that they have done is to confirm that this is a fair and representative translation of the German original.

5 CHAIRPERSON: I am sorry. I cannot follow what he is saying. I thought he said that after the Google translation other people made an input and from there produce this document. Are you saying that no other person made an input except his efforts through Google. Is that what he is now saying to us?

10 ADV SIBEKO: You testified earlier as to how this translation came about. Would you like to repeat that?

DR YOUNG: Yes, I would start of by saying that I do not remember saying that other people assisted me with the translation itself. I do not think I said that. If I did I certainly did not mean either that I said or it  
15 came across that way. All that I am saying is that I did the translation. sorry I did not do the translation. I did the correction of the mistakes that Google translator makes.

Then I provided this version to other people who are I would not say fluent but are reasonably proficient in both languages to find out if this  
20 was a fair and reasonable translation for the purposes I had at that particular time which was a submission of my supporting affidavit in the Constitution Court in 2011. I have not changed anything since then.

From what I can remember is that nobody who assisted me in the checking made any particular input whether they said that no, you have  
25 got a word wrong or you have punctuation wrong.



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ADV SIBEKO: This would probably be an appropriate time to read that statement into the record.

DR YOUNG: Yes, I would hope so. Look I certainly do appreciate the requirements for the accuracy of evidence but if I may say so if anybody  
5 has got a problem with this kind of things. Then the Commission has to take it upon itself to do a translation. The Commissioner has been in possession of this for several years now. I am an important witness in these proceedings and it is very late in the day to be challenging something like this.

10 UNKNOWN: [Indistinct].

DR YOUNG: All right. I have talked about the dates and the place where it was written and as far as I know or as far as Google knows ...[intervenes].

CHAIRPERSON: Just hold on Dr Young. I hear that you are saying that  
15 the Commission has been in possession of this document for several years. Is that what you are saying the Commission?

DR YOUNG: Yes I know that for a fact.

CHAIRPERSON: Excuse me?

DR YOUNG: I know that for a fact?

20 CHAIRPERSON: We have been in possession of this document. When you say this document which one are you referring too. Are you referring to your translation or what you call your translation or the one that you alleged that it came from the Germans?

DR YOUNG: All of them.

25 CHAIRPERSON: All of them?

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DR YOUNG: Yes, I will tell you where it was. The very first time that the Commission met me was Commission was represented by Advocate Ndumbi and his senior researcher Kate Paten. This was in preparation for the Commissions upcoming overseas visits. Kate Paten actually had  
5 she was ... she had this document in front of her which was basically not this particular document the entire affidavit the supporting affidavit which I submitted to the Constitutional Court which gave rise to this Commission.

She had that document in her hands and that affidavit has the entire  
10 (sorry I am working from memory) maybe I am making a mistake now. I am getting a little bit exhausted. But certainly if I may say so... okay this is something that I am more familiar with right now. Is that I discovered all of these documents to the Commission a year ago on 5 March so it has been at least in the possession of the Commission since 5 March  
15 last year.

CHAIRPERSON: Thank you, you say maybe for a year. I will accept that. It is just at the beginning you said several years that is what made me to follow up on this question. Thank you. We can proceed now.

DR YOUNG: The German version is headed NOTIZ which in my  
20 understand it the equivalent to the word Memo, memorandum. It is in the context of South Africa particularly the South African visit he says:  
“The last trip (27-30<sup>th</sup> of July 1998) was suggested by C Shaikh, spelled the original Shaikh way with an (h) Director Defence Secretariat.

*During one of our meetings he asked once again for explicit  
25 confirmation that the verbal agreement made with him for payment to be*

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made in case of success to him and a group represented by him in the amount of USD3 million. (Guilt) I believe what guilt means is [indistinct] that is correct I believe. I confirm this to him and offered to record this agreement in writing at any time and proposed to put the latter in a safe  
5 that can only be access jointly. C Shaikh will report back. Shaikh has emphases that the B+V/TRT that is Bhlom & Voss and Thyssen Rheinstal Technik offer was pulled into first place in spite of the Spanish offer being 20% cheaper. The Spanish offset (only the DTI shared „without“ social components) was according to him also valued higher  
10 than ours. In this respect it had according to him be no simple exercise to get us into first place.

Mr Muller/BV that is obviously he is the Project Director of Bhlom & Vos was informed by me at that time about the arrangement made and also about the conversation that I had just had with C Shaikh whereby  
15 he was asked to reserve the aforesaid amount for the price negotiations to follow to which he was agreeable. C Hoenings, as a said signature on the copy received.”

Then there is something on the original by hand it is typically what people in an organisation do when they receive a document. They  
20 scribble something on it. I am not even going to try to read out what it is in German. All that I can see is that there seems to be a reference to B+V and somebody has had put an initial there. Yes that is it.

ADV SIBEKO: You then say in paragraph 267 that this memorandum is an executive statement in terms of South African Arms and Corruption  
25 Legislation. What is the basis for that?

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DR YOUNG: 276?

ADV SIBEKO: Yes.

DR YOUNG: Yes obviously I followed ...[intervenes].

ADV SIBEKO: Microphone.

5 DR YOUNG: Hopefully I followed and hopefully everybody else followed the Shabir Shaik Trial, the corruption trial. When was that held, that was round about 2005 era over a long period of time and a fundamental, okay there were three mayor charges. The first one was the corruption and the corruption indictment and guilty finding was made in respect the  
10 first point of corruption with the main evidence being what is called collaterally speaking the encrypted facts which was a document written by an executive based in South African of the company of Thomson-CFS written to head office.

In terms of the judicial finding made by the presiding officer, Justice  
15 Hillary Squires that document was found to be an executive statement and I am not a lawyer but an executive statement has a particular meaning in terms of corruption legislation and particular I believed the law for the Prevention Act and Combating of Corrupt Activity Act 12, 2000.

20 My understanding is that this particular institute for whatever goes around it refers to an executive statement whereby a party to the corrupt act records I think it is either the offer of a bribe or the receiver of the bribe. What I am saying is in fact what I call this document the German Memo is the totemic facsimile is [indistinct] to the French encrypted  
25 facts and it basically means the same thing in terms of bribery. It

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records a bribery agreement between in this case an official of government between a supplier who offered a certain amount of money ...[intervenes].

CHAIRPERSON: I am sorry Dr Young. Should you not perhaps leave  
5 the legal interpretation to other people. Let us deal with the facts only and the question on the legal implications thereof will be determined at a later stage. If you do not mind just stick to the facts.

DR YOUNG: That is fair enough but I think I was asked a question when executive statement meant and means and the context. I think  
10 mine was a fair response to that question.

ADV SIBEKO: Chair will this be a convenient time to take the adjournment.

CHAIRPERSON: I thought that Dr Young said he can sit until the following day [laughing] if you say you want to adjourn now maybe we  
15 will do that and then we will start tomorrow morning at 09:00.

**COMMISSION ADJOURNS**

**ARMS PROCUREMENT COMMISSION**

*Transparency, Accountability and the Rule of Law*

**PUBLIC HEARINGS**

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**HEARING ON 10 MARCH 2015**

CHAIRPERSON: Good morning, everybody.

**RICHARD MICHAEL MOBERLY YOUNG**: (s.u.o.)

ADV SIBEKO: Thank you, Chair, at the outset, I wish to apologise for  
5 the late start. I got held up in traffic this morning, coming to Pretoria.  
So, I could not be here at nine o'clock. When we adjourned yesterday,  
we were dealing with an annexure RMY 51, which is a series or a set of  
memos, the first one, entitled the notiz. It is at page 1073 to 1075 of  
that file three.

10 CHAIRPERSON: Advocate Sibeko, on which page of the statement  
are we now?

ADV SIBEKO: I am, I am at the, the document that the witness was  
testifying about. It is RMY 51, at file three, page 1073. I would, the  
cross-reference to the statement would be the end of paragraph 274.

15 But, it is really that document that the, the witness needs to deal with,  
before we proceed with the statement. It is the notiz with its Google  
translation. During the course of the witness's testimony, the issue  
arose as to when the document may have been with the Commission.  
Mr Young wishes to address that point, just briefly.

20 DR YOUNG: Yes. I do not want too long over it, but I was asked,  
specifically, in the context of the English translation and I hesitated for a  
moment and eventually I took a, a safe harbour option and I said it was  
discovered to the Commission on the 5<sup>th</sup> of March last year. But, I have  
started off, by saying I thought it was actually an, the most important,  
25 no, well, an important annexure to my Constitutional Court supporting

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affidavit. That is indeed correct. That is a document in my, my evidence bundle, RMY 16. As I was saying yesterday, that document was in front of Kate Painting, when she and Advocate Mdumbi visited me, way back in, I think, it is 2013. Anyway that affidavit was dated the 14<sup>th</sup> of June 5 2011. So, it has been in the legal domain since then. That notiz, with its translations was also officially served before this Commission, as an annexure to my submission, my application to cross-examine Fritz Nortjè. It was dated the 3<sup>rd</sup> of June 2013. I do know that it was served before the Commission not long after that. I just want to put that on the 10 record, because I did not want my hesitation from yesterday to, to endure.

ADV SIBEKO: We are done with that answering, Dr Young ...[intervene]

DR YOUNG: Yes. We are indeed.

15 ADV SIBEKO: Now, you recall that, when we adjourned yesterday, we had just finished dealing with paragraph 276 of your statement, which appears at page 62 thereof. Now, the matter you had referred to, in 2000, at 276, related to what appeared in that annexure RMY 51. Now, continuing with the allegations, relating to, as you set out in this part of 20 the discussion of your statement, allegation of corruption, relating to the Corvettes. You deal, in paragraph 277, perhaps going right up to, perhaps we will take a pause at paragraph 283, with a couple of documents that you say demonstrate that the German prosecuting authorities had documentary records that point out to these allegations 25 of corruption. Now, the first document that you deal with at the end of



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paragraph 277 is DTI 1023, the next one is DT 1-1025. Now, both these documents, Commissioners and colleagues, appear as RMY 52 and RMY 53 and are located at file four of the bundle of documents. Now, perhaps, to start with RMY 52, may you please identify what that document is, Dr Young? It is your DT 1023?

DR YOUNG: Okay. The previous ...[intervene]

CHAIRPERSON: The RMY 52, at which page is it?

ADV SIBEKO: It is at page 1076 in file four. It starts at 1076, in file four. May you please identify the document for the record, Dr Young?

DR YOUNG: Okay. The, the document is an investigating report, written by the German Investigating Authorities. I believe the same ones, as I disclosed on my first day of evidence, the prosecuting authorities in Dusseldorf and that is very clear. Because the header of the document, I know my German is non-existent, but I will try, is entitled Landeskriminalamt Nordrhein-Westfalen, in, in Dusseldorf.

ADV SIBEKO: The date thereof is 13 February 2007. Is that correct?

DR YOUNG: That is correct, yes.

ADV SIBEKO: Now, you, just for the record, inform the Commissioners, how did you get hold of this document?

DR YOUNG: To be honest, I, I do not know exactly who gave this to me. I will say how. It was delivered to me anonymously in digital format, on a digital memory device. I do not know who sent it to me. But, I, what I do know, well, I am, I am pretty sure of this, that it was not provided to me, by either the investigating authorities in Germany or the investigating authorities in South Africa.

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ADV SIBEKO: When you say it was delivered to you, in digital form, was this by email, or in the flash disc, or the flash [indistinct], or what, in what form?

DR YOUNG: No. I said it was delivered to me on a digit, a digital  
5 memory device.

ADV SIBEKO: Can you recall, around when, what period this digital device was delivered to you?

DR YOUNG: Yes. I think, I think it was in the, the year 2009, somewhere between 2009 and early 2010.

10 ADV SIBEKO: Now, apart from the Commission, have you shared this document with any other investigative authority, or anyone else?

DR YOUNG: As far as I know not, I certainly shared with the Commission, in terms of, it is a, it is a discovered document. So, by, indirectly, it would have been shared by various parties, who were party  
15 to my discovery process.

ADV SIBEKO: Alright. Now, RMY 52 is a 40 page document. It deals with information about the present state of investigations, concerning links to the UK and the possible links to BAE. Do you see that appearing on the first page of that document? Are there specific areas  
20 that you would like to deal with in this document?

DR YOUNG: Yes. Indeed, there have been specific areas. I am certainly aware of the time issues. But, I, need to say, at the outset that the two documents, in fact, the three documents coming up, in terms of my evidence before this Commission, in the terms of reference,  
25 involving corruption are the most important, by in order of magnitude, or

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two, of all of my evidence. So, it is certainly not an area or a theme, where I want to skim, in fact, if one has to err, I have to err more on the side of elaboration, than, than brevity.

ADV SIBEKO: No, I see, in paragraph 1, it deals with the companies  
5 involved. Would you like to take us through it?

DR YOUNG: Yes. I have highlighted a few things. I am going to try and skip over that, which is either self obvious or repetitive or not specifically relevant. But, as you correctly say, it has an introduction of the relevant, the companies. This whole document is relevant to the  
10 strategic defence packages or the SDP"s or this Commission. I do not think there is any one thing in this document that is not relevant. Every single word is, is relevant. Primarily, I am actually on the theme of the Corvette, so that will be, I, I will concentrate on that. But, as you correctly pointed out, it does have small links to, to British Aerospace  
15 and that is involved in the, the military aircraft aspects. But, those are, but found also, in this document, there are, whether one must call allegations, or a, or a cause, involving bribery and corruption of the submarines that are specifically involving Ferrostaal.

ADV SIBEKO: Could you carry on with the passages that you  
20 highlighted that you need to deal with?

DR YOUNG: Yes. Indeed. If I may, I, I, introduce this, this theme with the German document, the notiz. Although I had that before I got these documents, if one reads these documents, it is fairly clear that that is, both the documents to which they referred. I think, my inference is a  
25 document that they received, whether they, let us say, got from search

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and seizure raids that they did on a multitude of companies, involved in the Armsdeal in Germany. I think it was in 2006 or so. I am not exactly sure. But it was certainly preceding these, these investigation reports. This [indistinct] over the context, there is this first investigation report, 5 which is written in, in English and the second one is also written in English. The third one, which I will come to, as well, is actually written in German. But, I have done a translation of that, for my own purposes. Both the German version and the, the English version are, in my, in my evidence documents. Okay. If we start off with the, who is involved. 10 Most importantly in this particular context, there is a reference in 1.1. this is the German Frigate Consortium. As we know, it is consisting also of Thyssen Rheinstahl Technik, TRT, being a subsidiary of the German industrial group ThyssenKrupp AG. It was basically the, the co-ordinator or the financial leader. They call it the so-called trading company of the 15 German Frigate Consortium and this document specifically addresses bribery money, has been paid from TRT accounts to agents/front companies and we will deal with that, in more detail, as we go along. It is also party to, that is a signatory of consultancy agreements with the conduits of the money, which they refer to as bribery money to the 20 companies, which I actually mentioned yesterday, the Liberian company Mallar incorporated and the company registered I think, in the [indistinct] islands, called Merian LTD. I am not, I am going to skip over, what I have not highlighted here. Anybody can bring me back to it. I am not cherry picking at all. I went through these documents, these two 25 documents last night, for the first time for a year or more and there, it

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amazes me, to be frank, the more you read it, the more relevant stuff is. But, I will try to, to concentrate on what is relevant to the Commission. But, if we go, the next company is part of the GFC. It is Blohm and Voss. Of course, it is, it is common cause that they are the ship yard  
5 involved, part of the GFC, who built at least, two of these frigates. It was the design, their design, they built all four of them. I think, the third last bullet, open bullet point there is, had to refund TRT for bribes paid. Now, we are all looking at these documents. The wording of bribery, what is not mine, I am basically just reading the documents, as they  
10 stand in front of us. HDW, I do not think we need to go into any details there [indistinct] they are a consortium member of the GFC.

ADV SIBEKO: Can I remind you, Dr Young, that as you refer to the various paragraphs, you are dealing with, if you could just mention what page you are on, so that we can all be able to follow?

15 DR YOUNG: Sorry. I am just working a new order of this document. But, we were at still, we were still at the first page of the document. We are now coming, HDW is on the second page of my, second page of 40.

ADV SIBEKO: So, it is correct that we are at 1077?

DR YOUNG: I do not know. I do not know those pages. So, I will  
20 have to say it is [indistinct]. Okay. At paragraph 1.2, as I mentioned yesterday, is the contracting party, officially was the consortium, known as ESACC, the European South African Corvette Consortium, which also included Thomson and ADS and the last point. It is not so much a point of corruption, but it is certainly a point that I want to, that I have  
25 made and I just want to emphasize this point. It is that Thomson, ADS

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was chosen as supplier, by South African and not by the GFC. The GFC only choose them, in response to what was stipulated in the request for information and its [indistinct] document, the element, the ECD document. Alright. The other important companies involved here under

5 1.3. We talked about Merian and Mallar. The company, we are coming to is called Contact Management Consultants (PTY) LTD, a South African company and another company, quite important in the, in the strategic defence packages, is Futuristic Business Solutions (PTY) LTD.

ADV SIBEKO: Why do you say that Futuristic Business Solutions is an  
10 important company, in relation to the evidence you are giving?

DR YOUNG: One, they are further mentioned in this document. In fact, there is a, certainly a payment that the Germans Thyssen, have claimed as a useful expenditure, which is a, a live term for something. But, nevertheless, Futuristic Business Solutions were a 20 per cent  
15 shareholder of African Defence Systems, as well.

ADV SIBEKO: Let us then proceed with the document?

DR YOUNG: Okay. Now we are coming up to companies, but to individuals. On my third page, page 3 here, they start off with the Germans. The first pertinently mentioned is Christoph Hoenings. As I  
20 said yesterday, he was the signatory of what I call the [indistinct] internal memorandum. He was also a signatory of the Corvette contract for, with the South Africans. I am just trying to concentrate on more important. Then we come to Sven Moeller, Thyssen's representative in South Africa, who also initiated the reason why there is a thing called the  
25 Mabandla document that, the Mabandla dossier that we mentioned

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yesterday. According to this German investigation report, Sven Moeller, was the first person to make contact with Chippy Shaik. It does allege here that Sven Moeller transported 40 million Deutsche Mark in a Thyssen company jet to Geneva, for as bribery money to certain, to  
5 certain parties. They specifically say, he paid it into an account for Thabo Mbeki. But, it does say, I want to emphasize, no proof is found yet, for this allegation. I am not, I am also not trying to cherry pick, either in the positive or the negative and I do not think that is an allegation, which, which they continue. Certainly, in the same light,  
10 there is no allegation, or in this [indistinct] of time, trying to, to continue with it, at this stage. I would mention the, KG Muller, from Germany, who is the project director for Blohm and Voss.

ADV SIBEKO: Now, KG Muller's name appears on the next page. Is it correct?

15 DR YOUNG: That is correct, yes. Yes. He, he appears on the next page.

ADV SIBEKO: Alright. You can, you can continue with that.

DR YOUNG: Okay. A very important person, also a director of Blohm and Voss and as a director of a successful company, ThyssenKrupp  
20 Marine Systems, the mother company of Blohm and Voss, his name was also included in that notice that I have introduced into evidence yesterday. As I say, it included, he included, or was responsible for including bribery money, into the purchase price. He is also a signatory of the, the Corvette agreement with South Africa. He was also informed  
25 and was in the know, in the inner circle regarding the agreement with,

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with Chippy Shaik. As important a person, something with an interesting name like Koopman, I believe was actually a predecessor of Christoph Hoenings and when we come to that section in another theme of my document, he preceded, Koopman preceded Christoph Hoenings in  
5 visits to South Africa to basically, to do a pitch, to, to get the German Frigate Consortium back into the running. So, he preceded him in time, as he was his boss, at one stage. As it says here, he was director of Thyssen Theinstahl Technik, at the time of the tender process. He pertinently signed the consultancy agreement with Mallar Incorporated,  
10 the one who is, the company that was responsible for funding 22 million ...[intervene]

CHAIRPERSON: I am sorry, Dr Young. I think, in the beginning you said that you do not know where this, who sent the document to you.

DR YOUNG: Sorry, could you just repeat that?

15 CHAIRPERSON: Am I right to say, in the beginning, you said you do not know, who sent you this document here?

DR YOUNG: No. I do not know who sent the digital device to me, which was included in the document. What I do know that it does emanate from German Investigating Authorities.

20 CHAIRPERSON: How do you know that it emanates from the German Investigating Authorities?

DR YOUNG: Well, first of all, by what stands in front of us. It is, it, the, the party responsible for it, is indicated at the very end. I mean, right at the end, the person indicates himself as, as acting for at least  
25 Kriminal [indistinct], I think that is the German Investigating Authorities.



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By, my other, my other knowledge of the whole process, which is not necessarily documented, I know that this document did end up in South Africa. Unfortunately, I am not at liberty to disclose every single aspect of my knowledge thereof. Look, there certainly are certain sensitivities about this and I certainly am prepared to divulge those, either in camera, before this Commission, or for any special investigating authority with a mandate to investigate that. But, there are certain things, involving the sensitivities of these documents that I cannot simply divulge.

CHAIRPERSON: Okay. I made me a promise. I am not going to allow anybody to give me information in confidence. This is a public hearing, what anybody wants to tell me, it must be told in public. There is no way, in which I am going to allow anybody to give me information, outside, outside this circle. Just bear that in mind. I am not going to allow it. I am sure, the same applies to my fellow Commissioner.

DR YOUNG: Yes. The, the only thing I do not want to share in public is, is my own induction of who wrote this document, because I do not know that, precisely, by, by person. I do not know that. So, I could be speculating. What I do know is that it emanates from the authority and the entity, which I have, and I am, that I am 100 per cent sure of. I think that, that is good, is good enough for, for this purpose.

CHAIRPERSON: And then, lastly, maybe please, do not speculate. Tell us about what you, what you know. What you do not know, do not tell us about ...[intervene]

DR YOUNG: I do not think ...[intervene]

CHAIRPERSON: The only thing that I wanted to know, how do you

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know that this document emanates from the German Authorities, that you mentioned that they, they are the ones, who authored this document?

DR YOUNG: I said before, from the simple fact that it is indicated and coming from a certain authority on the very last page. Every single page indicates the, the address and let us say the, the fact that it comes from the German Criminal investigating authorities. That is, that is on the document that we read in front of us. The only inference that could be made against that is that somebody has, has concocted this document.

10 CHAIRPERSON: The copy that you have, is it signed at the end? If so, by who was it signed?

DR YOUNG: No. This document that I have in front of me, is the same document that is in front of you and it is a, it is indicated as in text. It is not signed by a human being, signed in alpha numeric format, as from Kriminalhauptkommissarin. That is the commissioner of criminal, criminal authorities.

CHAIRPERSON: Thank you. On it, some of the issues, I will raise them as we go along.

DR YOUNG: But, I, I can, from my own knowledge, vouch for the authenticity of these three documents, which are a series of three, on the same subject emanating from the same, the same source. Sorry, I had to [indistinct] my place. I was down that page four.

COMMISSIONER MUSI: I think my, can I be heard?

ADV SIBEKO: Yes.

25 COMMISSIONER MUSI: I just wanted to, to hear you clearly. Did you

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say you can vouch for the authenticity of this document, or you cannot?

DR YOUNG: No. I said that I can. I am saying that, to the best of my knowledge, there is, I would not, I would not be putting this document before the Commission and reading from it, if I was not 99.999 per cent  
5 sure that it is an authentic document, in emanating from the authorities, which I have just identified.

COMMISSIONER MUSI: Thank you. That is all.

DR YOUNG: It is important to realise that I am, I am doing this, because I have been requested, in terms of a summons, to do this. I, to  
10 be frank, I have no satisfaction whatsoever, in, in doing this. Unfortunately, I think, it is my duty, in terms of my responsibility to the Commission and also, my responsibility in the greater scheme of things, regarding combating of corruption. So, I am not, I am not doing this for my, for my own purposes. I have got nothing to gain for doing this. I  
15 know it is fraught. But, I would not, I certainly would not be doing it, if I had any reason to believe that it was not genuine.

ADV SIBEKO: You were at page 4 of that document, when the Commissioners posed questions, regarding how you obtained these documents and from whom. I think the name of the person, you were  
20 dealing with, at that stage was Jurgen Koopman.

DR YOUNG: Yes. He, he is on the previous page 4 and I think, we can now go on to the, my page 5, starting at paragraph 2.2.

ADV SIBEKO: That is on 1080. You can proceed.

DR YOUNG: Okay. This deals with the South Africans and we have  
25 been talking about the document, identifying Chippy Shaik. But, this

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document goes on further to address Chippy Shaik in far, far greater detail. It also identifies his brothers Mo Shaik and Yunis Shaik. Of course, we have talked about Ian Pierce, a, who is also and meant to be involved in the, at least the conduit of funds, coming from that 3 million dollar bribe. Very importantly, another important aspect, regarding the Corvette itself and my greater picture of how things actually happened is Tony Yengeni, who is that, at the relevant time, he was the, I think, he was the Chairperson of the Joint Standing Committee of Defence. Yussuf Surtee, who is involved all over the show in the Armsdeal. This document deals with the Chief of the Navy, at the time. They call him CINC chief. That is actually the Chief of the South African Navy, Vice-Admiral Robert Claude Simpson-Anderson. His predecessor, mentioned in this document, Vice Admiral retired Andries Petrus Putter, Mentioned in the company CMC. Formally, he seems to be the owner or only director with the controlling mind of CMC. It mentions Rear Admiral Jonathan Edwin Gold Kamerman, in a number of respects, particularly as head of the Joint Project Team, now a manager ThyssenKrupp Marine Systems. As it said, or so it says, successor of Klaus-Joachim Muller, since January 2006, a theme that we will come to later, in my evidence document, revolved around this point, saying he took his appointment with ThyssenKrupp Marine Systems, while still a member of the South African Navy. It says there, his last payslip from the South African Navy was for September 2006 and that he also negotiated with ADS, about an employment agreement, after starting employment with ThyssenKrupp Marine Systems. I do not think I need to, or even want to

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address the next people. I do not want to be accused of cherry picking. So, anybody is welcome to bring me back to these points, if they wish to do so. The last person, under South Africans, just before paragraph 2.3, of my page 6, unfortunately, my own name is mentioned in this document. My, it is strange that they have my original, correct name. I see, in the transcript, as at the first page, I would like to put on the record, my correct current name is Richard Michael ...[intervene]

CHAIRPERSON: I am sorry, Dr Young, you, let us go back to that page, page 5, which you were, which you were reading. I think you now furnished names. You did mention now, that we were not quite sure why you are skipping others? I see here, on the copy that I have, unless your copy does not have that. There is also mention of Mandela. I see, you do not mention it. Am I correct that you are now, the, this page 5 had got the name of Nelson Mandela?

DR YOUNG: Yes. It does.

CHAIRPERSON: No. I it is just that, you know, I was a bit surprised that you mention now that you did not mention him, because they are contained in the same document.

DR YOUNG: As we, I, there is 40 page document. There is nothing at, at this particular stage, at least, that I want to traverse, regarding Mandela and Nelson Mandela himself. I am not sure, quite why he is mentioned in this document, in his own name. But, we will come to it, that there is a reference to payments being made, I think, it is to the Nelson Mandela Children's Fund. There is a mention of his, his last wife maybe that is the context. But, as I said, you know, I could, I could more

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or less read this entire document, into the record and traverse every aspect of my analysis of it. That might take us the rest of the week. As I said, I am not trying to cherry pick here. But, I am only trying to address the points that I, that I think is relevant for my own evidence. May I  
5 continue?

COMMISSIONER MUSI: I am sure, we are listening now. I am sure, we are listening.

DR YOUNG: Oh. Yes. I just actually asked really, whether my evidence leader is. He is leading me, whether, whether he is happy  
10 that I continue.

ADV SIBEKO: You can continue.

DR YOUNG: Okay. Just to ensure that I am doing my level best not to cherry pick and leave out my own name. My own name appears just before item 2.3 here. As I was trying to say, this indicates somebody  
15 called Richard Moberley Young. That was the name that I was, I think baptised with. I added on my father's name Michael first. So, my official name right now is Richard Michael Moberley Young. But, I will confirm that to the best of my knowledge Richard Moberley Young is the same person as me. I just also want to point that, although I gave my name  
20 correctly, at the beginning of my witness statement, I did not notice that the transcript the first day, for some strange reason refers me to Richard Michael Morgan Young. I think, that is also me, but it is incorrect. But, nevertheless it does refer to me. I did not want to leave that out. Hopefully, I am not mentioned in a negative context, as far as being  
25 involved, myself in bribery and corruption. But, I will not leave out me,

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where I am addressed, just in case there are excursions of, of convenient cherry picking here. I am identified as the director, owner of C Square I Square Systems, which is correct and it also says, the reason why, I mean, I am here is I suppose that I competed with ADS for the combat suite systems contract and lost, but that was more for, not the combat suite, but certainly for some of the subsystems, which is correct. I do, they do mention my name later. But, I just want to reiterate that the evidence that they refer to, I gave them, including the organograms, which I share with this Commission. It was all a complete one way street, from me to them. I never received anything, whatsoever from them, other than the invitation to call back Andreas, Detective Chief Inspector Andreas Bruns and speak to him, where he had one of his English speaking colleagues on the speaker phone.

ADV SIBEKO: There are other names that appear at 2.3 referred to as others. Do, is there any person specifically, you want to refer to there?

DR YOUNG: No. Only at the expense of repetition. We will talk about Tony Georgiades, Antony Georgiades, who was the extensible leader, or prime mover of the German Strategic Alliance and I think, the controlling mind of Mallar Incorporated, which was the conduit of the 22 million dollar payments. Otherwise, I do not think it is necessary to refer to the others.

COMMISSIONER MUSI: I am, I am sorry, Dr Young, can, can we have the spelling of this detective. Is it Ander Brumf? Can we have the spelling of the surname?

DR YOUNG: Sorry, the spelling of a surname? I did not hear whose

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surname?

COMMISSIONER MUSI: Brumf, the investigator, the German investigator you spoke to, Brumf or something like that.

DR YOUNG: It is Andreas, aes at the end. Bruns is spelt B r u n s. I  
5 am not sure if there is a diaeresis or some kind of inflection on the u.  
But, I know it is B r u n s.

COMMISSIONER MUSI: Thank you. Thank you.

CHAIRPERSON: Just a last one from me. Do you have the, the contact details of this detective?

10 DR YOUNG: I certainly do.

CHAIRPERSON: Can you give us the contact details?

DR YOUNG: Right now?

CHAIRPERSON: Of course.

DR YOUNG: Not right now. I will have to go into my, my records and  
15 that will, it will certainly take, I can certainly can do it after, after the next,  
the next break.

CHAIRPERSON: Okay. As long as it some time today. Or even, even it will be given to us tomorrow. That will be good enough.

DR YOUNG: Thank you.

20 ADV SIBEKO: On the next page, your page 7 and our page 1082, the document commences with the origins of their investigation. Is it something you want to take us through?

DR YOUNG: Yes. As I have previously said, they talk about the reference to Sven Moeller and the company jet and the payment of a 40  
25 million, I think it is Deutsche Mark. Okay. They talk about that as the



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origins of the investigation and certainly, that was, there is, something like that did happen. I am not talking about the actual company jet or the payment of money. But, certainly, the fact that they had a kind of a interview with this person, Nicholas Stuart Achterberg, who I believe, 5 did, used to work for Thyssen South Africa. But, I do not think they continue with that. So, I do not want it to be thought that, that I, also am continuing with that. There is probably a small correction that they come to, in their own document, whether it is this one, or the next, where they actually do say that the origins of their own formal 10 investigation were not so actually much, this tip off from Nicholas Stuart Achterberg, but actually a routine investigation into the tax affairs of Thyssen. It is Thyssen's claim for tax deductions, involving the payment of useful expenditure. So, remember these are investigations reports, so I, whether they are correcting themselves, there are, I think, in my 15 view that the real origins, the proper investigation report, are not so much this Achterberg matter, but actually the German tax matters.

ADV SIBEKO: Now, the issue of the useful expenses, it is picked up in that document, in the middle of that document, with a paragraph that begins with Achterberg's allegations led to tax investigation. Can you 20 take us there?

DR YOUNG: That is correct, yes. Okay. My highlighted point there starts off with the same:

"The following "useful expenses" had been claimed."

And the reason why they use useful expenses is in the old days, in 25 Germany and certainly in Europe, before the OEC Convention is, is

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useful expenses was actually euphemism for covert commissions or bribes and they were tax deductible in the hold days. That is why they use that term in inverted commas. But, they specifically refer to the following four amounts. They have referred to the 22 million US dollars

5 paid into South Africa, through the Liberian company, Mallar Incorporated. The 3 million dollars, subject of the Chippy Shaik, Christoph Hoening's Teutonic memorandum, through that Jersey Channel Islands, or let us, let us say UK entity, Merian LTD. There is a small amount Rolf Wegener. I am not quite sure what the relevance to

10 that is. There is also a claim, a tax claim, involving the company FBS. It is not such a small, not such, not such a huge amount of money. But, if it was elicited money, then it is certainly over the threshold of investigative interest, which is R500 000.00. Alright. Put it into context and I do go through this more in the exact origins. But, as they say a lawyer, an

15 attorney, a specialist, I believe, Dr Sven Thomas, acting for ThyssenKrupp, wrote in 1999 an expertise report of how these expenses should be treated under tax legislation and admitted himself that a share of the 10 million US dollars. Out of the contract, some of the 22 million dollars for Mallar Incorporated is very likely, been paid to

20 South African officials, but denies the offence [indistinct] of bribery connections with these payments.

ADV SIBEKO: The next page, under paragraph 4 deals with consultancy agreements with Mallar Incorporated, on that next page, in our 1083, your page 8.

25 DR YOUNG: Yes. Maybe it is important to say, I introduced the, the

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memorandum the, the Teutonic memorandum yesterday, which is clearly something that they refer to in this document. Although I received it before this document it was the only one that was actually sent to me. But, they refer to a lot of documents, of equal significance of, of that.

5 Not only similar bribery agreements or, in my own, at least the two executive statements, but also evidence backing up, confirming the existence and the meaning of all of those documents. They refer to many of those. I think, this first one, the consultancy agreement with Mallar Incorporated is one, one of those. They talk about the first  
10 agreement, a consultancy agreement with Mallar, signed as far back as the 26<sup>th</sup> of April 1995. As I will come to that in my evidence, that is a particularly important time, because it is just before the end of Sitron, Project Sitron, the Corvette contract, not the contract, the, the tendering round, which I think, officially ended a month later. But, clearly, that we  
15 will get to, the Germans were exceedingly upset about not, not winning the first round and did all they could to get back and that all, had happened in that March, April, May, time frame. So, that is a significant date of why that consultancy agreement should be drawn up, as far back then. It is relevant to the 1999 Sitron contract, as it was, in that  
20 first round. As they say themselves, in late December 1994, the German Frigate Consortium had failed to qualify to get to the next round of the tender process. What is important and this is not casting assertions, just to put it in the context, in January 1995, the then, Vice President Thabo Mbeki came to visit Germany, after a telephone call  
25 with Nelson Mandela, he was quoted to have uttered that: „We will put it

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on the table again." And: „That there is still hope for you, you being the Germans." I think that is eyeing GFC. The important person in this is the intermediary, the interlocker is Tony Georgiadis. About this time, I am quoting from the document probably the first contact with Tony  
5 Georgiadis was May. Excuse me. I will then skip a few lines and go on to why Georgiadis is so important, as well as Hoenings and it says here:

*“Georgiadis helped Hoenings by advising him how to present the German offer in a more appropriate way to South African decision makers. This led to a first consultancy agreement with Mallar  
10 Incorporated and Thyssen Rheinsveldt Technik, TRT, in April 1995, for the sum of 22 million dollars. Tony Georgiadis signed this agreement on behalf of Mallar Incorporated. The signatories on behalf of TRT, were Hoenings and Koopman. Georgiadis and Hoenings met in London to arrange/sign this agreement. On the 17<sup>th</sup> of May 1995 Georgiadis sent  
15 a facsimile to Hoenings saying: “Step one: We have done it.”*

And again, we will, I will come to that later. It was such an important time, because at this stage, we will see that despite Sitron, round one, having had all the steam it needed, it was actually stopped, by various mechanisms, including the defence review and the, the action of  
20 something, we will come to it, Tony Yengeni. All of this happened in May. We will come to the relevant documents, recording meetings of Koopman, with Armscor and the Navy in, I think, March 1995 and with Hoenings and other Germans in, but also the Navy and Armscor, around about this time. It is clear this Sitron Corvette project was indeed  
25 stopped and it will be my theory that it was stopped precisely at what I

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am ventilating now. That is why I said, it is one of the most important aspects of my evidence, before us. As it says, carrying on quoting from the document. It says:

*"About this time the first tender, most probably had been cancelled."*

5 ADV SIBEKO: Is there a further aspect that you wish to highlight?

DR YOUNG: Not necessary on those pages. I am trying to page forward to do, to, to skip the, it is all important. But, I want to go only on the most important. I am now on my page 10.

ADV SIBEKO: Your page 10 is our page 1085. It has there a number  
10 five, a discussion on Antony Vassos Georgiadis. Is that, is that true?

DR YOUNG: Yes. At point five, Antony Vassos Georgiadis. That is correct, yes. The point I want to, to address is four lines above that. It says:

*"Mallar Incorporated is an off shore company, registered in  
15 Monrovia/Liberia. Due to Liberia's legislation, Mallar Incorporated is not  
entitled to do any business in Liberia itself."*

The import of that is that clearly Mallar is, is a special purpose vehicle. A company would not be registered in a country, where it could not do business, unless it was there, to give the indication of it, being a, a bona  
20 fide registered MC, but unless it had a special purpose. My contention, the special purpose was the funding, for funding. There might have been for funding, other funding as well. But, in this particular context, from Thyssen, through Tony Georgiadis, being the controlling mind of Mallar to South Africa.

25 ADV SIBEKO: Anything else on that page?

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DR YOUNG: There is nothing else on that page. I am just going to go, just go forward. I will tell you when I get to it. Okay. I am now on the next page, starting at a paragraph that says:

"Georgiadis role in the Corvette deal."

5 ADV SIBEKO: That is your page 11 and our 1086.

DR YOUNG: That is correct, yes.

ADV SIBEKO: Alright. And that paragraph is the, I think it is the second paragraph.

DR YOUNG: I think so, yes. Stop me if it is a, if I am not in the right  
10 place. I will read:

*"Georgiadis's role in the Corvette deal can be described as the person, who made contact with South African officials, politicians and decision makers in higher positions, the government and Navy. He arranged meetings with Thabo Mbeki, even after the contract was  
15 signed, in connection with the acquisition of the so-called fifth ship. He frequently met with Hoenings in Germany, South Africa and London. He was involved in dealings with South African officials, throughout the tendering process. Links to certain individuals will be dealt with later."*

I think, that this is not meant to be sarcastic or a joke, but we are now  
20 seeing, as we will see in another point, involving Thomson and then we know the interactions with, as this document says, South African officials, politicians and decision makers in higher positions. What I am pretty sure, is that neither Modac nor MD 147 prescribed this kind of acquisition procedure.

25 ADV SIBEKO: Is there any other passage, you would like to refer the

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Commission to, on this page?

DR YOUNG: I think, we are at page 10 and now I want to go to page 11.

ADV SIBEKO: We were on page 11.

5 DR YOUNG: I am sorry about that. I now want to go the last, the last paragraph on page 11.

ADV SIBEKO: You can do so. Is this the paragraph? It starts with the words, we found indications.

DR YOUNG: Yes.

10 *"We found indication (I am quoting now) we found indications that Georgiadis was recommended by Hoenings to Ferrostaal, members of the German Submarine Consortium, GSC, to support them, during the tender process for the submarines for South Africa. Ferrostaal signed a consultancy agreement with Mallar Incorporated, Georgiadis, acting on*  
15 *behalf of Mallar, over a commission of 19 million US dollars."*

They do elaborate on that, on various other payments. I just want to also point out, as I have said before, the Germans, specifically in this particular case, the German Frigate Consortium, the German Submarine Consortium do, as they often do, hunt as a wolf pack. They were  
20 hunting the, the contracts as an organisation that was actually officially called the German Strategic Alliance. We even see some of the reference to that on some, some DOD documents. As I have said before, it is my understanding that the person, who was the prime mover in the German Strategic Alliance, was none other than Tony Georgiadis.  
25 The import of that, is why he is acting for both the German Frigate

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Consortium, the, this in particular and its 22 plus 3, plus, plus million dollars of covert commissions. Now, there is reference, there is reference to the submarine consortium and its 19 million dollars. Go onto the next page. The very next page is continuation of that. As I have said, that is, we are coming to the details. They allege here that 6.6 million Euros was paid to Mallar Incorporated in 2000, 2001 from Ferrostaal. These facts were received officially and legally through documents seized during the, during 2006, the search of TRT. May I carry on? The next paragraph starts by saying:

10     *"Further investigations by the tax investigation officers of our team revealed more information, which is unofficial and cannot yet be used as evidence, as they are protected by tax secret."*

I think it is, I want to [indistinct] a point, regarding the, the tax angle here and certainly in Germany, taxes obviously, had a ground, more so than corruption, especially corruption on in foreign countries. Nevertheless, they carry on, after the colon there:

"Another 6.6 million Euros were paid at the same time, to a company called Kelco Associates SA."

I think, no, sorry, not South Africa. I think Kelco Associates, it means society anomonim. It is the same as a propriety limited company in this country, resident on Guernsey, a Channel Island domicile with an address there that I will not go through, with the CEO of Kelco, having been named by Ferrostaal as Tony Ellingford. Unfortunately, I will not be addressing the submarine issue, in as much detail as the Corvette one. But, certainly the relevant parties of Tony Ellingford and his



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company, as well as the off shoots of that, being a company called Moist CC, run by Lu Swann. The other company run by somebody I mentioned was, at the very beginning, for very good reason, JRM Consulting CC, run by Rear Admiral Junior Grade retired Jeremy Nathis,

5 are all precisely relevant in this context.

ADV SIBEKO: Do you need to address any other aspect on this page, Dr Young?

DR YOUNG: Yes. Yes. At the end of this page, page 12. I would like to continue:

10 *"In our enquiry, Tony Georgiadis is accused under German legislation for being an accessory to bribery, committed by Hoenings and other executives of the GFC. He is also suspected of being an accessory to embezzlement, committed by Koopman (kickback payments). More details see beyond."*

15 If I may say, at my own analysis of the documents it was only in respect of embezzlement by Koopman. This is in fact, not only kickback payment, but actually, what they call a reverse kickback, where money gets paid, by a bribing party, by a company official. Then, money from the bribed party gets paid back. That is what I call a reverse kickback

20 and Koopman was indeed arrested for that. I think, he spent four weeks in jail for it. But, as far as I, I can see from these documents, Hoenings, himself is alleged to have received a 500 000 dollar, reverse kickback, out of the 3 million dollars, in respect of the payment to, to Chippy Shaik and the group, represented by him.

25 ADV SIBEKO: Anything of interest on the matter?

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DR YOUNG: Everything is interest. But, without belabouring the proceedings, I can skip to my page 14, unless anybody wants me to address the [indistinct].

ADV SIBEKO: Now, your page 14 is our 1089. It has, under  
5 paragraph 7, Tony Yengeni. Is that correct?

DR YOUNG: That is correct, yes. Okay. As I have alluded to there were parties involved, involved in stopping the first round. I call it round one. That will be called a phase one of Sitron, the Corvette project. Extensively, officially, in order to review it under the defence review and  
10 then carry on later in round 2, which eventually led to a contract. But, this is the point I am getting to, as they say, starting at point 7, under Tony Yengeni:

*"It is during a, that during 2000 and search (sorry) during 2006 search of TRT, an agreement between Yengeni and Hoenings, dated the 11<sup>th</sup> of  
15 August 1995, has been seized. According to that document, Yengeni was promised a commission of 2.5 million Deutsche Marks. In fact, I could prove the agreement had been signed one month later, on the 11<sup>th</sup> of October 1995, during a South African journey of Hoenings, KJ Muller and Koopman."*

20 I will skip three lines, for the sake of brevity. Carry on:

*"On his return to Germany, Hoenings arranged provision for the promised commission of 2.5 million Deutsche Marks. The provision has been entered into the accounts of TRT on the 28<sup>th</sup> of September 1995."*

They do carry on, in case I get, that particular agreement seemed to  
25 have been discontinued. They call it disbanded. But, they, they do

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carry on as they say it is unlikely that TRT did not pay Yengeni the promised commission at all. But, be that as it may, it does not really matter, in terms of, certainly in my view, my lay person's view of corruption in the Republic of South Africa, whether or not an executive statements gets fulfilled, any offer or any request for a bribe, whether consummated or not is still corruption, under the relevant legislation. If it is, what it says on the face of it, in this document that then an agreement, a bribery agreement was entered into, that is good enough from my purposes, at least. They carry on, to, to advise why they have not actually gone out, all out, to prosecute, well certainly, they could not prosecute Yengeni, being a South African citizen. But, they could have prosecuted the people who, who bribed him. At the paragraph, starting with although we have clear evidence, I will stop there, to make sure that everybody is in the right place.

15 ADV SIBEKO: That is the second last paragraph on page 1089. Is that correct?

DR YOUNG: It is at the, it is, sorry, it is at the second paragraph, above what, my pdf page is 14. It says 14/40 at the bottom.

ADV SIBEKO: Let us start with the [indistinct].

20 DR YOUNG: Okay. Thank you. I will read:

*"Although we have clear evidence of corruption, in connection with Yengeni, we cannot prosecute this fact. Although the Mallar Incorporated contract, due to the last prolongation and the extension in 1999, at April 1999, the payments to Mallar Incorporated do not qualify for a statutory limitation. We still need an action, by Yengeni, after 19<sup>th</sup>*

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*of February 1999. But, by the time Yengeni seems not, by that time Yengeni seems not to have been any longer in that position to influence a South African decision on the Corvette contract. Nonetheless, the facts of the Yengeni case show that employees of TRT contrary to their*

5 *defender's statements did have direct contact to and themselves arrange bribery agreement, arrange agreements with South African officials. Before the change of legislation, TRT would have been able to deduct the bribe for Yengeni from their company tax obligations."*

If I may pause there, just to, to add my own value. I have referred to the

10 OEC the convention, which came into play in Europe and Germany, around about the 1999, 2000 era and that is booked to what they refer the, the legislation that changed. Also, what they talk about statutory limitation, they do not qualify for [indistinct] there. Their interest is not that great there. What they mean is that there is a statute of limitations

15 in Germany that means that they may no longer prosecute, in respect of this Yengeni matter, after, after a certain time, which is February 1999. That is no, that is the reason why they no longer endeavoured with this particular case. Alright. We have come to the next page, my page 15 here.

20 ADV SIBEKO: That is our page 1090.

DR YOUNG: Yes. Maybe I should start with one word from previous pages. I mean this occasion, this explains why they did not disguise the provision and why the agreement was made directly with Yengeni, without camouflage. That is what I am saying, why, before the OEC

25 Convention it was promulgated in Germany and the German law. Useful

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expenditure, bribes to foreign officials and front companies was tax deductible and that is why their own documentation, which they seized, refers to these three papers. Carrying on with one of the most important statement, I have highlighted in slightly different colour and it says here, 5 and the import in my particular, the context of my evidence is that Yengeni himself claimed in front of Hoenings that he had been responsible for the cancellation of the first tender in 1995. I will address that in more detail, when I come to the relevant them in my own, in my own evidence and my witness statement. As I have said and there is a 10 continuation here, as Chairman of the Joint Standing Committee of Defence and Chief Whip of the ANC, he could perform strong influence on decisions, relevant for GFC. We will certainly address that. But, certainly, he was in a very good position to influence the putting on ice of the Corvette contract and the embarking of the defence review, which 15 was a Parliament, what I remember was a Parliamentary endeavour, way back in 1995. Certainly, whether it is on the record of the committee meetings I do not know. I have not gone that far back. He certainly would have been very influential, at that time. I suppose carrying on here. I am looking at the last sentence of the next 20 paragraph:

*"Hoenings obviously, gained information in August, September 1995 that Yengeni had been named as a possible successor of Modise in the cause of an expected Cabinet reshuffle."*

Okay. It had been it happened some time:

25 *"This fact makes clear, why 10 days later, the agreement was signed."*

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Possibly, I need to pause for this instance, as they are referring to various things, here, about what Hoenings said. My impression is that they actually interviewed, these investigators interviewed Hoenings and some things they say here, is not only from the documents, but also  
5 from, from the interview with him. That is my, it is my only question.

ADV SIBEKO: Then they refer to things that were seized, during the search. That you will see on the next paragraph.

DR YOUNG: Yes. That is, that certainly is true. I have not highlighted something, because it involves travel costs, for Yengeni for a flight from  
10 South Africa to Switzerland and London. They might, certainly might be important. Switzerland and London, specifically, because as far as I know, that is where money, money ended up. But, I have not highlighted that, because I did not intend to specifically address it today.

ADV SIBEKO: If you could take us through the next.

15 DR YOUNG: Yes. I am not going to go to details. I consider it as, within the contents of this document. But, the next point, they come to is on my page 17, which is headed by a heading, eight, Vice-Admiral Simpson-Anderson.

ADV SIBEKO: Now, that is our page 1092.

20 DR YOUNG: That is correct, yes.

ADV SIBEKO: That is the, you can continue with the aspects of that page, that you wanted to.

DR YOUNG: Okay. Just remember, I am just reading from the document in front of me, in front of all of us. These are not my  
25 allegations. They are what I believe, to be relevant allegations for the

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Commission of enquiry. It talks about Vice-Admiral Simpson-Anderson and specifically says:

*"I found evidence of Georgiadis arranged a meeting between Hoenings, Von Nitzsch and Vice-Admiral Simpson-Anderson in his hotel suite at the Sandton Sun hotel in Johannesburg on the 24<sup>th</sup> of January 1996. There are unproven indications that the purpose of the meeting was to establish a bribery agreement with Simpson-Anderson, then CINC (that means Commander in Chief, I think they mean Commander in Chief) of the South African Navy."*

10 Despite them saying unproven communications, that is, I would not, that, that might not be addressing the point at all. But, they certainly go on, in not only this document, but I think, the next one as well, where they probably, what they mean is that, well, they certainly do mean that although Simpson-Anderson might not have received the payment  
15 directly from either Thyssen or from, even from Georgiadis. But, they allege that it was received from his predecessor Vice-Admiral Dries Putter, who was working for both the French and Germans, at that stage. So, it is not in the relevant point, despite what is said in that particular sentence. The next point, I, I want to mention is, it carries on  
20 saying:

"Hoenings, to whom Simpson-Anderson made this remark that is supposed in his internal report that this remark was made in self protection, because other Navy officials had been present, e.g. Kamerman (still Captain of the SAN) at that time, but already involved in  
25 the procurement process."

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Carry on:

“As proof of the self protection theory, Hoenings mentioned that Simpson-Anderson had formally asked Georgiadis to his home. In fact, we have indicated that Georgiades and Simpson-Anderson had lunch  
5 together, the day when Georgiades arranged the January 1996 meeting. Simpson-Anderson was quoted in Hoening’s handwritten notes as he (Georgiades) does more harm than good.”

Carrying on with the theme, just to put into context, we need to read the first sentence:

10     *“In connection with the meeting between Simpson-Anderson, Hoenings and Von Nitzsch in January 1996, Simpson-Anderson’s predecessor as CINC (Chief of Navy, chief of the, Commander in Chief) of South African Navy, retired Admiral Putter becomes an interesting figure. In October 2000 he sent a written complaint to Blohm and Voss,  
15 stating that of a promised commission of 1 million US dollars. Of 1 million US dollars, he only received from Georgiades 100 000 Pounds, approximately 600 000 Pounds less than promised. Putter wrote under the letterhead of the Contract Management Consultants (PTY) LTD, of Lyttelton Manor, South Africa. This company, I could not yet trace at  
20 CIPRO.”*

ADV SIBEKO: Turning to the next page, is there anything that arises there?

DR YOUNG: Yes. I think it is important just to read that. The, the second sentence says:

25     *“Putter now wanted Blohm and Voss to compensate him.”*



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And in their quotation marks:

*"Put us in the financial position, we expected to be, at the end of this very successful project."*

I think, if I may say, at this point, the very successful project is effectively  
5 getting the Germans back from zero in phase one to hero on phase two.  
Carrying on and as I have interrupted, it carries on. The next [indistinct]  
but one:

*"This would mean that Simpson-Anderson had been part of the commission agreement, arranged, during this meeting."*

10 Miss a sentence:

*"One possible explanation (I am quoting again) could be that eventually Simpson-Anderson had been paid, directly by Georgiades, or rather Mallar Incorporated and that Putter only received a small compensation for his service."*

15 Also carrying on, missing a sentence or two, it says:

*"Putter for me, seemed not to have been in a position."*

This mike, okay, carrying on with the sentence, which starts with Putter for me:

*"Putter for me, seemed not to have been in a position that would  
20 justify a commission, as high as one million Dollars, one million US Dollars."*

ADV SIBEKO: But, the view expressed there, is that of the investigator. Is that right?

DR YOUNG: Yes. I think, if I may just end off this particular sub-  
25 theme, with a very last sentence, which is on the next page, my page

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19. I think in their conclusion:

*“Although all these circumstantial evidence was, suggest themselves that Simpson-Anderson had been bribed and promised 1 million US commission, it might be difficult to find sufficient evidence, to prove the*  
5 *bribe. My hope is that we will still find evidence, either at Georgiadis or Alandis or Mallar Incorporated.”*

That was important, I think for the context, but as important, we will read either, in this document or the next. These investigators also expressed their hope that the South African investigation, which I hope, this is at  
10 least part, would also carry on investigating these particular themes, or allegations. That is also one of the reasons, why I am ventilating this issue in these proceedings.

ADV SIBEKO: You are on page 19, which is on 1094. It starts, okay, it has in paragraph 9, dealing with Yusuf Surtee and Nelson Mandela  
15 (cheques). Is there something you need to ventilate there?

DR YOUNG: Yes. Without going into too much detail, Yusuf Surtee, or I think the name is spelt incorrectly there. It means it has one s. His name, certainly comes up later, when I ventilate the issue of him being the interlockator between Thomson and, and the high officials, the South  
20 African government, that being in respect of the Corvette combat suite. But, he is a, he records this person all over here. He is coming up in the context of the Corvette platform. I will say he also is a person of interest in the, the Serious Fraud Office investigations, as well. But, here is a reference to Nelson Mandela, in particular, as I have said, involving the,  
25 I think it comes to the point, involving the, the Children’s Funds. Here is

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a particular, the cheques that were made out, by Thyssen, I am skipping quite a lot here, but if you go to the middle of my page 20, may I need to give people a chance to get to that particular page. There is a section there, that says:

5       *"The cheques were issued for the benefit of."*

And it starts with Nelson Mandela Children's Fund.

ADV SIBEKO: That would be the last quarter of our page 1095. Is that correct?

DR YOUNG: That is indeed, that is indeed correct. Just to introduce  
10 the subject for my own purposes. It sets, it starts off, by saying:

*"A copy of these cheques was found at Hoening's private home in Dusseldorf. The cheques were issued for the benefit of Nelson Mandela Children's Fund, the Foundations for Community Development and African National Congress."*

15 The, they refer in particular to three cheques of 500 000 South African rands each, made out on the 29<sup>th</sup> of January 1999. As far as I know, these cheques came from Thyssen. But, I stand to be corrected on that.

ADV SIBEKO: Reference to the amounts of these three cheques is found just above the paragraph, above what you have just been reading.

20 Is that correct?

DR YOUNG: That is correct, yes.

ADV SIBEKO: Now, on this theme, is there anything else you would like to add? Or would you like to move on to the next?

DR YOUNG: Just finishing off there, conclusion, under Surtee, is on  
25 my page 22, just before the heading, entitled, 10, George Lanaras.

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ADV SIBEKO: Now, that is our page 1097.

DR YOUNG: It says:

*"Because the entire circumstances I rather think that Surtee, at least, party acted on behalf of Mandela and Mbeki, or the ANC in general."*

5 And I think that that is a fair statement to make, considering what they have addressed, in their investigation of him.

ADV SIBEKO: Is there anything that turns on George Lanaras that you would like to address?

DR YOUNG: No. Not that I would like to address. I think, it is, it is  
10 relevant, but not important enough, to take up more of the Commission's time right now.

ADV SIBEKO: The next important then, you would like to address?

DR YOUNG: Yes. Then, I would like to come to my page 23, a heading, number 11, Merian LTD and Chippy Shaik.

15 ADV SIBEKO: That would appear on our page 1098.

DR YOUNG: That is indeed correct. Now, as I said, when I started addressing this particular investigation report, the notiz, the memorandum or my own wording the Teutonic memorandum talks about the agreement with Chippy Shaik and here they address it. It is clearly,  
20 a document that they seized, in their own investigations in Germany. But, what is relevant and important, it is not a self standing document. It is supported by many other documents, in their own possession. I think, it is a fair conclusion, for me to make, is in terms of where I got these documents, also, where I got, is that, well, he has got the memorandum.  
25 If I got that one from the Germans, the German Investigating Authorities,

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I cannot understand why they cherry pick that one alone and not, at least the Tony Yengeni one and all the other ones. So, I can, I can, beyond a reasonable doubt say that it did not come from the Germans. But, they certainly allude, without [indistinct] a report and having all of these relevant documents. What they say here, in the heading entitled Merian LTD and Chippy Shaik is that:

*“On the 9<sup>th</sup> of October 1998, a consultancy agreement, dated the 8<sup>th</sup> of October 1998, between TRT, with the signatory of Hoenings and Merian LTD with the signatory of Ian Pierce was signed over a commission of 3 million US Dollars, due for payment, the moment when the Corvette contract would come into force and the down payment: „Has been received in our account for a free and unrestricted disposal“ and after all necessary approvals with the South African and German authorities had been received. The effective date of the Corvette contract was the 28<sup>th</sup> of April 2000. Payment to Merian LTD was made on the 3<sup>rd</sup> of May 2000 to Barclays Bank plc.”*

As I have correctly said, St Helier, Jersey. These, these dates are particularly important, because although the umbrella agreement was signed on the 3<sup>rd</sup> of December 1999. All the contracts, the relevant, the contracts became effective in all respects in, in April 2000. So, as they say, it only, the effective date of contract, over the gates, for, for the financial considerations, including these, if I may term them the elicited ones. What is also important is that the, the document, which the, the notiz or memorandum is the, is not the, the bribery agreement itself. It is just a reference to it. That is not in my possession and is clearly

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something held by, held by them. But, in the terms of evidence, it is an important pointer to it. Of course, here, they actually say that they have it. Of course, they even have the dates. I do not think they would be saying that if they, if they did not know that they existed and had it themselves. Quite importantly as well, going onto the next point, as I said before, Mallar, it is a special purpose vehicle, registered in Liberia, where it cannot do other business. But, the same with Merian, they are saying, the only indication for the existence of Merian Limited, is the agreement, bank account name on the payment instruction. I think, I am correct in saying that indeed, there seemed to have been another company, Merian, but it is a completely separate company. My own company searches show that. But, they opened, but what is important is that Merian LTD, although, you know, had, has registered its domicilium address in London, it opened its bank account in Jersey and that is where the money was paid to. In supporting that point from my, in fact, I did some of my own investigations into Merian. But, it says in the registers of the company's house, and I think, they are talking about the [indistinct], because the author of this report says:

"I have not found a company, which would fit."

ADV SIBEKO: Turning to the next page, on [indistinct] of that discussion. Is there anything else, if interest on [indistinct] to draw our attention to?

DR YOUNG: No. I think the document stands as it is written. Just if you turn to the next page, I think it is your page 24, at the last sentence of that page, it makes reference to you. Could you just elaborate on

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that?

DR YOUNG: Yes. I do not want to skip that point. But, I will first of all just finish the point that, this is basically, maybe a summary of the Merian issue. It says in the last sentence of, of that section, before my  
5 name is mentioned. It says:

*"In connection with the Merian LTD contract, Hoenings called Pierce in another internal report Chippy Shaik"s Emissar."*

He says:

*"They say I cannot find an English translation for that word, but it  
10 means an envoy with a certain commission and no own decision making powers. Thus it would be clear that Ian Pierce acted as a front man for Chippy Shaik."*

I think that is good enough for these purposes. If I have to find an English, appropriate English word for Emissar I would call it interlockator  
15 and in fact, that same word is used for Yusuf Surtee, interlockator, in that context. I do not want to skip the, the reference to my own name here. But, it says:

*"Richard Young, from Richard Young we received information about one payment from Merian LTD to Pierce in the amount of 10 000 US  
20 Dollars value date of 30<sup>th</sup> of March 2001. The money seems to have been transferred from the UK Reserve Bank, via First National Bank of South Africa LTD. Richard Young claims that more payment had been made from Merian LTD to Pierce. But, the abovementioned is the only one he could prove, by presenting a transaction report. Young also  
25 presented statements for one bank account of Chippy Shaik, but no*

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*suspicious deposits could be found.”*

If I may say, this is true. But, this, this is, as I said, almost in the very beginning of my evidence on Thursday, or even Wednesday that I am really the conduit in, in this context. I am certainly not a primary  
5 investigator. Documents were ventilated in some manner or form and, and I got hold of copies thereof, just to send them along to, to the, to the Germans in my one way, in my one way street. In fact, to be ultra frank. I do not want to take too many cudos for this. But, I think that this whole thing was actually reported in the Mail and Guardian. I know it was  
10 reported in the press. It cannot be considered necessarily, as meeting the burden of proof. But, certainly did pass along this information to the, to the detective, inspector, Chief Inspector Andreas Bruns, by email. I think it is important to say that this is the first investigation report. I am still going to come to the third one and there, they do actually refer to a  
15 lot of payments, made from Merian’s account, accounts. There is a kind of follow the money investigation. The money, being paid through Jersey to other mechanisms and finally into a whole bunch, I think it is about 20 different account in South Africa that is, that is addressed in the third of the series of three reports.

20 ADV SIBEKO: Now, there is a further discussion, relating to Ian Pierce, Chippy Shaik and Hoenings, in this part of the document. Is there any specific reference you want to direct the Commission’s attention to?

DR YOUNG: Okay. I maybe start of with the section there that says:

25 *“Ian Pierce obviously late in 2000 told Chippy Shaik that Hoenings*



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*had received a share of 500 000 US Dollars from Merian LTD, a payment.”*

As I have said, I think that that is, if, if it was true, would be a reverse kickback and also unrelated to the Jurgen Koopman, with this kickback.

5 But, I just wanted to emphasize the point that I made earlier, not that long ago. Carrying on:

*“Hoenings learnt that from C Shaik, during the meeting of the 21<sup>st</sup> of September in Hamburg. In consequence Hoening wrote a memorandum about this fact. This memorandum we found at his private*  
10 *home, during the June 2006 search. From this report and other documents seized from TRT the following sequence of events can be reconstructed. During a visit in Johannesburg from the 27<sup>th</sup> to 30<sup>th</sup> of July 1996, Chippy Shaik demanded from Hoenings the confirmation of a verbal agreement, about a commission of the 3 million US Dollars that*  
15 *they had arranged some time before.”*

And that, I think, precisely is the memorandum, dated the 3<sup>rd</sup> of August 1998, referring to South Africa over the precise date period of 27<sup>th</sup> to 30<sup>th</sup> of July 1998. I am sorry for belabouring the point. But, I have learnt in my small dealing with the law that you cover evidence, with  
20 evidence, with evidence, if you possibly can.

ADV SIBEKO: Going forward.

DR YOUNG: Sorry, did you say, going forward?

ADV SIBEKO: Yes.

DR YOUNG: Certainly, to finish off this page, it says here Hoenings  
25 informed KJ Muller about this agreement and asked him to make sure

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that this amount was observed, during the contract price negotiations (i.e. to make sure that this expenditure would be refunded, by the South African government, through the contract price payments, which their observation is, which realises a criminal offence of fraud in German  
5 legislation.)

Indeed, indeed, but the reason why they wanted it to be recorded and to be refundable from the South African government, has, is important. From the respective bribery in South Africa, it affects the South African tax payer and that is one of the reasons why I am sitting right here. This  
10 is a public interest then and I think this is a public interest point. But, not only being a criminal offence of fraud, in Germany, which surely might have over, been overtaken by the statute of limitations in Germany. But, it is certainly, in my own knowledge is not overtaken by any relevant statute of limitations in South Africa. So, it is still a live issue, which I  
15 am, hopefully are at, suddenly resurrecting from the dead, or almost, almost dead. And they also say, of course, the reason why this stuff is ventilated. So, clearly, that the Germans not only wanted to recoup the money from South Africa, they also wanted to recoup the money from their own tax authority. But, certainly, in the context of this investigation,  
20 my evidence, involving the German Frigate Consortium and my overall theme, which, another person I mention in my evidence called Pierre Moynot, caused my complex theory, which unfortunately, I am giving you today. But, here, they say in any event, Blohm and Voss and TRT agreed to share the cost for Shaik's commission, which means that the  
25 refunding from South Africa would also have to be shared. That is

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certainly part of my complex theory.

ADV SIBEKO: Further mention is made, in the next page, I think it is your page 26 or page 1101, to further dealings with Hoenings, Georgiadis and Surtee.

5 DR YOUNG: Sorry, I am trying to gather my own wits about me and drink water at the same time. At the page that I wanted to go to next, was my page 26.

ADV SIBEKO: Yes. That is the page that you have been referred to.

DR YOUNG: Okay. I want to start at the second sentence there,  
10 because it introduces another sub theme. It says:

*“Reading from the document, on the 9<sup>th</sup> of September 1998, Hoenings met with Georgiadis and Surtee at the Ritz in London. The same day, he also met with Mr Muhlenbeck (Ferrostaal).”*

I was wrong, when I referred to a person yesterday, belonging to  
15 Ferrostaal. He is actually a member of Thyssen. It was Mr Muhlenbeck that was thinking of and here his name is mentioned:

*“And Chippy Shaik, they met in a restaurant, called St Lorenzo in London. From Muhlenbeck, Shaik also required a commission for the submarine deal. Hoening says, in his memorandum that he took the  
20 wording of the consultancy agreement from Muhlenbeck. So, the conclusion can be made that Hoenings, Muhlenbeck and Shaik met in London for the purpose and discussing and formulating the agreements with Ferrostaal and TRT. In fact, the wording of the Merian LTD agreement differs from the normally used form. In the records of  
25 Ferrostaal, we so far, could not find any contract with or payment from*

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*Merian LTD. So that payment, so that possibly another company name had been used.”*

It says:

*“We are not yet investigating Ferrostaal and the submarine deal.”*

5 Now, if I may say, as I have said before, this document, the investigating report emanates out of Dusseldorf. The way things work in Germany, is in, I think, they might call it prefectures, who investigate criminal affairs in their own areas or prefectures. They did, although they say they were not investigating Ferrostaal. They said not yet. As far as I know, this  
10 particular investigating organisation did not have the mandate to and it never did investigate Ferrostaal, because that was actually investigated by their companions, in another prefecture, called Essen. Certainly, many things also come out of, of Munich. So, I just want to say that point that, just because they say they could not find any indications of  
15 the contract that does not mean to say it is the end of the story.

ADV SIBEKO: Anything further on this aspect?

DR YOUNG: Finally, I think, on this page and just to backup, what I think, I said yesterday, is that this bribery agreement and not the one that I produced, that was just an indicator of it. They say:

20 *“The signed contract then, was deposited in the bank safe, number A578, Barclays Bank, address 46 Barclay in London, W11HP. Hoenings and Pierce had the exclusive access to the safe. Hoenings had to open an account with Barclays in his own name and make a deposit into that account, before he could get the safe. The money for that deposit, he  
25 received from TRT.”*

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ADV SIBEKO: Having come to end of that page, there were further discussions about Hoenings, Pierce and Shaik. In the pages following, before the conclusion, except, I beg your pardon, before they start dealing with Futuristic Business Solutions. In the remaining two pages, discussing this theme, is there anything else, you need to add?

DR YOUNG: I, I think, for the, for the fullness of things, we just need to address the top of my page 27. I am going to carry on, unless somebody stops me to get at the right page. It says here:

*"In April 2000, Pierce contacted Hoenings by telephone, to remind him, on the agreement with Merian LTD."*

Then, it says:

*"Pierce handed over a closed envelope, via the office of Sven Moeller in South Africa to Hoenings, with the instructions for the transaction. On the 3<sup>rd</sup> of May 2000, the commission of 3 million US Dollars was transferred to the credit of Merian LTD."*

It is important, because here, it is not just request for a bribe, if that course is indeed a bribe, which I would venture it is. It is not just a request. It is not only an offer. But, it is all, it is the culmination. It is the fulfilment of the bribery transaction, is the payment of the funds. It is the consummation of the delicious union, between the briber and the briberee.

ADV SIBEKO: Anything else on that page?

DR YOUNG: Probably important for the greater scheme of things, if anything, if anything comes out of what I have been saying for and needs to be investigated, I have to find the missing 500 000, out of the

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missing, out of the 3 million. It says, halfway down the page:

*"After the transaction took place, Pierce claimed, he handed over to Hoenings 500 000 US Dollars in cash, which had to be deducted from the commission's sum. Hoenings writes a second memorandum that*

5 *Shaik had told him that within the group of beneficiaries of the Merian LTD agreement that there had been discussion to offer him a share of the commission, as token of their gratitude."*

I think, what is important here, is there is also reiteration at what the Teutonic memorandums says, that 3 million Dollars is in respect of Shaik

10 and a group, represented by him. It also indicates in, in the following of the money that this 500 000 Dollars in cash disappears out of the 3 million Dollars. I am going to briefly address, where some of that 3 million Dollars was dispersed, because it is important. But, it also shows that these people were as thick as thieves, when it comes to, not

15 only kickbacks, but reverse kickbacks as well. Okay. Now, another point let us start at a place where it says:

*"It seems that Shaik believed Hoenings and that he made new arrangements with Pierce, concerning the commission money, which now, he wanted to be deposited into a Swiss account, because SA*

20 *authorities could perhaps trace the money from Merian LTD to Pierce. It also seems that the missing 500 000 Dollars, through this arrangement, turned up again."*

Strange:

*"At least this incident seemed not to affect the relationship between*

25 *Hoenings and Chippy Shaik. This fact, fact no longer is prosecutable,*

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*under German legislation, because of the statutory limitation.”*

A very important point, I have highlighted in a different colour:

*“Is our intention is to encourage South Africa to open an investigation,  
into this matter. Furthermore, this matter is interesting in the whole  
5 context of this case.”*

If I may say so, they, they might have well have stolen the words out of  
my own mouth. Except that my words come later than theirs.

ADV SIBEKO: Now, if you turn to page 28, I think that is the page that  
you conclude ...[intervene]

10 DR YOUNG: Ja ...[intervene]

ADV SIBEKO: The discussion on this theme, before dealing  
...[intervene]

CHAIRPERSON: I am sorry, Advocate Sibeko, we want to adjourn for  
20 minutes for tea. We will come back after 20 minutes.

15 **(COMMISSION ADJOURNS)**

**(COMMISSION RESUMES)**

**RICHARD MICHAEL MOBERLY YOUNG**: (s.u.o.)

ADV SIBEKO: Dr Young, when we adjourned, you were just about the  
concluding section of that theme, dealing with Pierce, Pierce, Hoening  
20 and Chippy Shaik on your page 28 of the document and our page 1103  
of that document.

DR YOUNG: I just want to read out the first sentence, because the  
introduction, it is, in other words, an appropriate introduction to the, a  
third of these reports. It says:

25 *“From seized documents referring to this matter, it seems that Chippy*

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*Shaik, perhaps was the sole beneficiary of the Merian LTD commission. Hoenings later reported that the group around Chippy Shaik fell out with each other."*

Be that as it may, he certainly was not the sole beneficiary, because first  
5 of all, it says that it is a group, represented by him. Secondly, the third document actually records about 20 different payment of the Merian account. So, if you, it surely was for a group of people.

ADV SIBEKO: Anything else on that page?

DR YOUNG: I think, what is, I have highlighted here as an important  
10 point, for the record. It starts halfway down the page, where it says:

*"Kasrils might be a link to Modise."*

Okay. I do not want usually want, that is just a, I pointed to the next sentence. I think it is definitely relevant, but it says:

*"But, I think that 3 million US Dollars are too small an amount to  
15 satisfy Shaik and Modise."*

And I would certainly concur with that. There, there clearly is an amount of 22 million Dollars, plus the 3 million Dollars and I, it would look as though that we, the commissions were paid in, let say, in two different levels. The very last, I am ...[intervene]

20 CHAIRPERSON: Now, I am sorry, Advocate Sibeko, you know, just for my understanding. I am sitting here and thinking. Trying to determine exactly what are we trying to do now. Where are we now? We are reading a document, prepared by, I am not thinking that we are even sure who those people are.

25 The witness is reading this document and commenting on it. Is that



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his evidence, or not? Because I thought we are at this stage, where the witness must testify and give us evidence, about what he knows. There is nothing wrong with him referring this document.

But, then him trying to analyse this document for us, I am not quite  
5 sure what purpose that is serving. You are the one, who is leading him. Maybe try and tell us, exactly what you are trying to do, what you are trying to achieve, by reading a document.

He does not even know who sent the document. He does not even know, whether this document is a genuine document, prepared by the  
10 German authorities or not. What is the purpose of him, reading this document to us and trying to interpret it, into, to for us.

We have the document in front of us. If, at the end of the day, the document is, actually is admitted, we will be in a position to read it and analyse it. You are the one who is leading him. Maybe tell us exactly  
15 what you are, what you are trying to achieve, by going through this document?

ADV SIBEKO: Chair, you will recall that, in, starting with the theme that he was dealing with, regarding the allegations of corruption, with regard to the Corvettes. The witness indicated that there is information  
20 available, at his disposal that seeks to establish these allegations.

Now, as he starts at paragraph 270 of his statement, he seeks to demonstrate that there are these allegations, the nature of which point to improper conduct on the part of some of officials within the DOD that may have improperly influenced the outcome of the procurement of the  
25 SDP's. Now, to the extent that the witness alludes to these allegations,

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this is an attempt, by the witness to demonstrate that there is available evidence to support the existence of these allegations.

These documents, the series of three documents, which come from the German authorities, are intended to give support to the allegations  
5 that the witness alludes to, with regard to the existence of corruption. It is correct, as the witness has pointed out, these documents were sent to him, through a digital device.

He believes the documents are from Germany, as he has had some contact with German investigators. Now, they, the documents are  
10 offered, purely in support of the witness's allegations of the existence, I beg your pardon, the witness's contention of the existence of these allegations, as investigated by other authorities.

Now, whether these documents are in, are admitted, or alternatively, whether the, at the end of the day, the Commission decides, as to what  
15 veracity or weight it seeks to place on the documents and the evidence, as submitted by the witness. We would submit that the purpose of referring to these documents is merely to support the evidence that the witness is tendering, regarding the allegations of corruption as they are relevant to the terms of reference of the Commission.

20 It is for that reason, it, I would submit that the witness is referring or reading the passages of the relevant documents.

COMMISSIONER MUSI: Can I, my, my own problem is slightly different. I work on the assumption that the authenticity of the document will be established. Because the witness said that he is in the position  
25 to prove the authenticity of the documents.

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But, assuming that that he does, in fact, prove the authenticity of the document that is, that is not the end of the story. The document in fact, will a report of the German Investigating Authorities, nothing more. Before this forum, it is not evidence.

5        So, my problem is, you see, you are reading from this document, as if it is evidence before this, where it is not. Even if it is authentic, it will not be evidence, automatically evidence before this court. What complicates matters for me is this. I would, I would not bother that the witness go through this exercise in this fashion.

10       But, what bothers me is this, he reads extensively from this document and I am worried about the progress this Commission is making and the time constraints we have. It is the reality of the matter. Look at the further documents that he is still going to rely on.

      We have them here and we are told that there are still further  
15       documents that he may still have to use. Now, if he goes along in this fashion, we will never finish. For an example, since we started this morning, he has been reading from this document.

      It is an annexure. He has not been reading from his statement. So, I am worried about the, the manner in which you are going about this, this  
20       issue. And I would maybe propose that, in order to resolve this problem, I do not think it would do any harm, if the witness refers to that document, in support of his evidence.

      You must go to his statement, because the statement is his real evidence. Then, he refers to this document, in support of his evidence.  
25       But, he can refer us to passages in this document and say see

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paragraph so and so, at page so and so of this document.

Some of the documents are numbered. He can go to, to the particular numbers and say passages and say see paragraph so and so, in this document. Where it becomes necessary for him to quote, he can  
5 then quote.

But, but literally, what he is doing now is to read the whole document into the record. I do not think this is, this is conducive to, to the pace that this Commission should be working. Thank you.

ADV SIBEKO: May I request that we stand down for a little while,  
10 while I have a discussion with the witness, to try and see how we can take this matter forward, taking the concerns of the Chairperson and Commissioner Musi into account?

CHAIRPERSON: Maybe, before we do that, you know, I think there might, there are other people, who have got an interest in this matter  
15 and who, I am sure they are also anxious that we should finish the evidence of this witness as quickly as possible. Can we find out find out, at all, if there are any of the councils who want to comment on this issue, before we, we proceed anything?

ADV KUPER: Chair, if I may, from our point of view, as we understand  
20 it, it would be essential if documents of this sort are to be relied upon, if they are to be put in front of the Commission. Then, some proper attempt has to be made, to demonstrate that they probative value.

To put before the Commission documents, where the witness declines to identify, in any convincing detail, the origin of the document, or how  
25 he came into possession of the document nullifies any possible

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probative weight, that could attach to an anonymous document. All that the Commission has, is this witness's ipse dixit as to the significance of the documentation and as to their authenticity.

While at the same time, he expressly declines to take the  
5 Commission into his confidence, as to its origins, while this is a public enquiry. So, we would submit that whilst, of course, all these matters are in the hands of the Commission that we would not seek to intervene or, or object, if the Commission indicated he wished to hear this documentation.

10 Once the Commission does invite us, to make the submission, as to the status of these documents and whether they should continue to be dealt with in this way, we would respectfully suggest that it is not helpful. It does not add value. It is inevitable consequence.

It is going to be that this witness will be cross-examined on material,  
15 of which he is not the author, in respect of which he declines, to give an authentic version, as to how they are in his possession. And which, in their own terms are entirely speculative and which are clearly preparatory and, and non-definitive documentation.

So, we would suggest, from our point of view, Mr Chairman, that the  
20 Commission will not be utilising the time available, to best advantage, if it continues in this way. It will really be from my learned friends, the evidence leaders, to suggest a better method, than the one that they are presently following.

CHAIRPERSON: Thank you.

25 ADV MOERANE: Chair and Commissioner Musi. We agree with the

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submissions that have been made, by my learned colleague Kuper. But, we also wish to add that the documents that the witness is, is currently dealing with, the purport to be a report of an investigation by the German Authorities.

5 It will be useful, Chairperson, to establish, right up front, what the outcome of the investigations was, the investigation, which took place eight years ago, in all probability that investigation was closed for particular reasons. The second point, we wish to mention is that, the certain people, who are mentioned in this report, have given evidence  
10 before this Commission.

The allegations, which are contained in this report, have never been put to those witnesses. Those allegations, which have been put, of impropriety, receipt of bribery, have been emphatically denied. So, I do not know, whether the, the outshot of this or the anticipated outcome of  
15 this, is that these witnesses will be recalled.

To come and deal with these new allegations, which appear from a, the report, with absolutely no probative value, in the sense that, it is, it is poor provenance, of their provenance has not been established. Frankly, Chairperson, I think, we are wasting a lot of time. Thank you.

20 MR CHOWE: Thank you, Chairperson and Commissioner Musi. I have listened to the submissions made, by Advocate Moerane and Kuper. I do agree with their sentiments as far as the way that certain documents are treated.

Maybe it might be difficult, as Advocate Moerane says that, because  
25 of the allegations, which are now levelled against people, who have

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already given their evidence, whether should they be recalled or not, because of the damage, which the document has itself. But, I do align myself with the comments already made by the two council. Thanks Chairperson.

5 CHAIRPERSON: I think, I heard what Advocate Moerane said, particularly about the outcome of this investigation. I think, there is some documentation, which tells us, exactly what was the end gain of some of those investigations that took place in, in Germany.

We know what the ultimate conclusion of this is. I think there is a  
10 document, which deals with that. So, should you go through this document, making certain allegations, when in actual fact, there might be evidence, which suggest that these investigations were abandoned.

In that case, can I perhaps suggest that all the councils meet together with the evidence leaders and try and suggest a way, of how to deal with  
15 this matter? I suppose, Advocate Moerane, you will be privy to that letter, that you are referring to, where, where we say to, answer that ultimately there was some type of a conclusion of this investigation.

Possibly discuss that with the evidence leaders and other, other councils and see if there can be a suggestion on how we should go  
20 forward, where, with this particular witness. In order to do that exercise, can we give you 30 minutes and see, let us see, whether in 30 minutes time, you will, you will be in a position to come to some type of a, any suggestion on how to go forward with this matter. Thank you. In that case, I see it is 12 o'clock. Can we come back at 12:30? Thank you.

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**(COMMISSION RESUMES)**

CHAIRPERSON: Thank you. Has the caucus yielded any results?

ADV SIBEKO: Chair we have the result of the caucus. Is that there is no agreement between us on the one hand and the legal  
5 representatives of the various parties participating in these proceedings on the other hand regarding the manner in which we should proceed going forward.

CHAIRPERSON: I will try to the best of my ability set out the basis of the objection as I understand it with regard to the manner in which we  
10 have been proceeding.

It would appear that the primary objection with regard to the manner in which we are objecting is that sorry the manner in which we are proceeding I beg your pardon is that the witness Dr Young. If he should continue to yield evidence he must give evidence on matters in respect f  
15 which he has personal knowledge. Now to this extent it does appear that the view that is held by our colleagues that to the extent that the evidence of Dr Young are based on documents in respect of which he is not the author. Also in respect of which he has no personal knowledge or involvement and the authenticity of which he cannot objectively  
20 establish. Then he cannot rely on that evidence and to an extent that his statement seeks to rely on these documents then his evidence would also not be admissible for the reason that he has no personal knowledge of matter to which he seeks to give evidence on.

To the extent further that he has given evidence relying on these  
25 document. Then as I understand the basis of the objection then an



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application will possibly be made at some point to have the evidence which relies on these documents to be struck out. Now our understanding of the basis of the objection is, if it is the duty of the witness to come and give evidence on matters in respect of which he

5 has personal knowledge then that would mean that in so far as he seeks to give evidence on matters or allegations of corruption his evidence to seize to relate to the allegations of corruption but would in fact be fact related to the corruption in respect of which he is testifying.

Now perhaps maybe of some importance to allude to the terms of reference as they appear in the Government Notice in terms of which

10 the Commission was established, The heading to the terms of reference is that the Commission of Inquiry or this Commission must inquire into allegations. of fraud; corruption and impropriator or irregularity in the Strategic Defence Procurement Package.

15 Now to the extent that the input of the objection is that people should only come or witnesses should only come and give evidence before this Commission on issues in respect of which they have personal knowledge. The effect of that would be that only members of the various project teams, who were involved in the entire procurement

20 process can come before this Commission and give evidence in respect in which this Commission has been established to inquire into allegations of fraud, corruption and so forth.

It would also mean that members of the various committees or bodies which were involved in the acquisition process of the SBP's are the only

25 witnesses who can come and give evidence of fact relating to these

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allegations of fraud, corruption et cetera. It also mean that it is the officials of the various successful bidders who participated in the procurement process who can give evidence relating to allegations of corruption, fraud or impropriety and irregularity in which they themselves  
5 were involved in.

If that is the effect of the basis for the objection we would submit that this witness important as he may be insofar as he participated in the procurement process relating to the combat suite would not be allowed to give evidence before this Commission of matters falling outside of the  
10 combat suite in which he had personal involvement and in which he represented the company of which is the director.

We would submit further that this approach would put an onus of this witness to only give evidence of established facts on the basis on which the Commission would then be required to make a finding. Now we  
15 would submit in this respect that insofar as principles relating to the functioning of Commissions and the rules of evidence are concerned the Commission is required to proceed in an inquisitorial manner. Also that to an extent that it seeks to collect available information on the allegations into which it is making an investigations. It has to at least it  
20 has become accepted that the rules of evidence in so far as they apply in the civil and criminal courts and inquests do not apply equally into Commissions.

Commissions by their very nature investigate matters that are in the public interest and in doing so it would seek to established a balance on  
25 what relates to the public interests. Now this submission we make on

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the basis that as there are no facts that are in issue between people who appear before the Commission and no sanction would need to be handed down at the conclusion of the proceedings of the Commission the rules of evidence as they apply in other forum ought to be relaxed.

- 5 That the evidence of witnesses that had been subpoenaed to give evidence before the Commission ought to be accepted to the extent that reasonable objectivity of the allegations that are sought to be made through such witnesses can be established.

ADV SIBEKO: Thank you Chair. In this regard and trying to conclude  
10 on this point I would like to submit that the Commission therefore as it is not a court of law and bound by rules of evidence it may inform itself of facts in any manner that it pleases. Whether by hearsay evidence, newspaper report or even through submissions or representations on submission without sworn evidence.

- 15 Now the manner in which this Commission has proceeded was to require witnesses to take an oath. To this extent the witnesses who have appeared before the Commission had sworn that the evidence they give is the truth. Now Dr Young has stated early in his evidence that he was a participant in one section of the SDP's. Subsequent  
20 thereto he had made or lodge certain complaints with the various investigating authorities in South Africa and overseas the German Authorities especially.

He has been contacted by investigators from the Serious Fraud Office and generally because of his activism with regard to the SDP's. He has  
25 received information from persons from various walks of life. The

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evidence that he is given is based on the information that he has received not only from the various people that he has referred too but also from documents that he has received through Pie Applications and so forth.

5 I would submit with respect that the various documents that of some of which he has received through the Pie Process are documents in respect of which he is not the author or perhaps have personal knowledge of except for the fact that some of those documents turns to establish the very fact and allegations that he has sought to bring before  
10 this Commission. An issue relating to authenticity of the documents in particular the ones relating to I think it is RMY51 to 53. The reports from the German investigators.

Stems from the authenticity of those documents and with a concomitant question relating to the admissibility thereof insofar as their  
15 authenticity has not been proven. The witness has testified that these documents emanate from an investigation conducted by German investigating officials. He has testified that his documents were given to him by an anonymous source through a digital device.

Now that then begs the question whether if the witness is not able to  
20 give satisfactory objective evidence before the Commission which would demonstrate the admissibility of the documents begs the question whether the Commission should ignore these documents. We would submit that to the extent that the witness is himself perhaps not able to objectively demonstrate the authenticity of the document there is  
25 nothing that precludes the Commission through its staff and whatever

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other means that may be available to it, to itself establish the authentic of the documents.

As we would submit should it in the course of undertaking that exercise the Commission establish that these reports are in fact  
5 authentic would mean that when the Commission decides not to admit these documents on the basis thereof the witness is himself not able to establish the authenticity of these documents. Would that not mean that the Commission ignored important evidence that exists and was brought before the Commission but was simply excluded purely on the basis that  
10 the person providing the document can himself not establish its authenticity.

We would submit further that the issue of placing the burden or the onus on the witness would in our respectful submission not accord with what the general principles which apply to Commissions that is the  
15 gathering of evidence. On the basis of which the Commission would in turn conduct further investigations for purposes of advising the executive on what steps to take based on what has been found during the course of the gathering of the evidence.

We would submit that on that basis Chair that the documents ought to  
20 be allowed for consideration by the Commission. Perhaps before leaving the point I just need to add one other matter that was discussed between the caucus and that is, there is nothing wrong if the witness gives evidence of allegations that he has personal knowledge of. To the extent that these allegations may find support in the document that  
25 are referred in the statement. He may then refer to the Commission to

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an existence of a particular document in his bundle of documents and the Commission would if so wishes at some point refer to the documents that are contained in the bundle of the witness or would put whatever probative value to those documents depending on what the Commission  
5 decides to rule.

In other instances depending on the existence of exceptional circumstances which may be established during the course of giving evidence that perhaps the witness ought to be allowed to read from the document in the course of giving evidence. Now we would submit that  
10 to an extent that the witnesses statement seeks to rely on the documents. It is not certain to us who that would work because the statement is more of a [indistinct] memoir to the various documents that the witness seeks to rely on. If exceptional circumstances have to be placed before the Commission at every time at every single document is  
15 sought to be relied upon in the course of given evidence by the witness I would submit that would take further time that it would appear to us is sought to be saved in the manner in which we have been proceeding with the witness.

Perhaps a further point that was raised with this witness's evidence is  
20 that the witness at this point and through the documents is making allegations relating to the witnesses who have given evidence and were not cross-examined the allegations that the witness is now giving evidence on. Also impact on other witnesses or other persons who have not been called to give evidence and may perhaps need to be  
25 called to give evidence to refute these allegations.

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Insofar as the evidence of this witness relates to witnesses who have been called and excused there may be a need to recall those witnesses. Perhaps in what we believe is an unrelated matter is the question of time that perhaps there could be time constraints that may relate to the recall of witnesses or calling of further witnesses as a result of the allegation that appears to be set out in the reports that the witness is talking too.

Perhaps to address the issue relating to the recalling of witnesses. We would submit that perhaps at the outset that indeed it is true that some of the Dr Young's evidence traverses on matters that a witness like Admiral Kamerman and perhaps Mr Fritz Nortjè just by way of example would have dealt with. Then also that the issues raised by him are matters that he could have cross-examined them on.

We would submit in that regard that of course while it is conduct that is consistent with the principles of [indistinct] we would submit that there is no duty on a witness before the Commission to cross-examine another witness. In fact the regulations seems to suggest that cross-examination is not a matter of right and it is not there for the asking. A witness has to apply to cross-examine another witness and the Chair may grant that witness the privilege to cross-examine another.

Now that is all fair and good in instances especially where witnesses are represented. Dr Young is not represented. In a number of instances where he brought applications to cross-examine he did so personally without assistance I believe. In some instances he perhaps will give evidence if he chose to that some of the witness statements and

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bundles of documents of the witnesses he sought to cross-examine were only posted in some instances after those witnesses had been excused. In other instances some days after the witness had started to give evidence.

5 From the history of his interaction with the Commission it does appear that for purposes for preparing his cross-examination Dr Young has sought to be furnished with certain documents and there were rulings made pursuant to those applications which dismissed his requests for documents, on the basis as I recall among others that he had not shown  
10 any relevance of those documents that he sought to cross-examine witnesses as I recall. Such as Fritz Nortjè and Admiral Kamerman.

Perhaps it is worth mentioning that also insofar as the allegations that had emanated some of which were contained in his statement the majority of those allegations are based on documents which I think it is  
15 the schedule of 10/61 documents which were discovered by him. I believe that it was during the month of March 2014. Now it was not just the schedule that was vanished but it was also copies of his documents which contained the allegations made here and which the bulk of the statement is based.

20 I may say also that the application to cross-examine was accompanied by a draft statement in which those allegations are set out. To the extent that these allegations were placed in the public domain as far back as in March last year it does appear at least to ask that there was an opportunity on some of the witnesses who have appeared  
25 before the Commission to have dealt with these allegations. Even at a



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general level because perhaps the details thereof or some of the nuances that may have been placed by his testimony during these proceedings were not clear at the time. In the general sense the allegations were there in the draft statements.

5     Although there might have been a change somewhat in those allegations the change would perhaps I have been informed by what has transpired during the course of the evidence of some of the witnesses. Fundamentally and substantially the allegations as set out in that draft statement that accompanied the application to cross-examine have not  
10    changed.

So we would submit that the allegations that he is setting out now are not new. They have existed for some time. To the extent that, again in terms of the rules of AUDI[?] the witnesses who have testified and have been excused may need to be recalled. We would submit that, that is  
15    something that if perhaps applied for and motivated it can be done. We would submit that there is nothing that precludes a recall of such witnesses to take place.

The extent that other witnesses or persons who have not been at least impacted upon by the allegations made ought to be called. We  
20    would submit that, that may be done perhaps that might require a request made to the President to extend the tenor of the Commission and only he may refuse if it is clear to him that no extension would be granted. Perhaps he would furnish reasons as to why it should not be extended.

25    We were informed and furnished with a document entitled, Public

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Prosecutor's Office of [indistinct]. Office focus on the prosecution of commercial delinquency. This appears ...[intervenes].

CHAIRPERSON: Sorry Advocate Sibeko. If you do not mind. Can I go back to the point that I made. I think when we adjourned we made the point that firstly we allowed Dr Young to testify on the base of this document the so-called German Report. The German Report is now part of our record.

When we started getting worried is when he started reading page by page and word for word. We are saying is there no way of dealing with it, can we not find a better way of dealing with this report. If he is going to read the 40 or 50 page document which is not prepared by him word for word and trying to explain to us that that means. That is going to take a long time. This is there was an objection. Whether that document will be admissible or not it is a portion that we will decide at a much later stage.

We have allowed him to use his document. This document is now part of the record of this Commission. The question was how should we deal with it. Because when we started complaining was when we found out that the whole morning were dealt with half a paragraph of his statement. He spend most of his time reading to us a document which is already part of this Commission. We do not need him to read it to us. Once he has given us that document then we can be in a position to read it at our own time. He can refer us to relevant portions of that report.

Then the question of whether it is an admissible document or not that

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can be dealt with at a later stage. At no stage did we make a ruling now that this document is saying that it is admissible or not admissible. We are trying to find out the authenticity of this document. We know what he is saying.

5 Then we are complaining that he is reading page by page. Word for word. The report is not prepared by him. That he can bring this report to the attention of the Commission, I think that is fair and square then we understand. He cannot try and interpret that document for us and even try and tell us what the legal implications thereof are. I did not hear you  
10 addressing us on that question. This is what caused the adjournment. Not whether this document is admissible or not admissible.

We raised that point. We never said that this document is not admissible or we never said that this document should not form part of the record of the Commission.

15 ADV SIBEKO: Well Chair I accept what you are saying. You will recall Chair that before you directed the various legal teams to go and have caucus the issue was raised by my colleague, Michael Kuper Sc, regarding the authenticity; admissibility and so forth of the report that the witness was giving evidence on.

20 As I understand it Morena Sc also landed support to that basis of the objection also. Perhaps also led him on the objection from the bench as to how the manner or as to the manner in which the witness was proceeding in reading evidence. It is on that basis that during the caucus the argument relating to how we should proceed going forward  
25 landed itself to matter of authenticity and whether or not this witness has

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to be given the evidence that he is giving in the manner that he is giving relying on the documents that seeks to place his reliance on to establish the allegations of corruption that he is giving evidence on.

So on that basis that stayed into a discussion relating to the  
5 admissibility of the documents based on their authenticity. Because it is argued that to the extent that the authenticity of these documents had not been established. We should really not be wasting the Commission's time in leading evidence that are based on these documents. Perhaps if there are exceptional circumstances it was  
10 argued we could refer to some passages in the documents. However if we so chose in leading witnesses' evidence we could simply refer to the presence of a document and perhaps to a passage in that document which the Commission at its leisure can have regard to. It is on that basis that I was addressing the Commission while I accept that perhaps  
15 the issue we were supposed to be discussing simply how we should proceed going forward.

I accept the point that to the extent that the witness refers to documents perhaps he should not give his own interpretation of the documents. However one should make a point that to the extent that the  
20 documents seeks to illicit a particular point it would seem to us that there is nothing that precludes the witness from in the course of his analyses of the facts allude to perhaps to certain issues that seek to support his evidence and where the document has not appeared to be accurate deal with such.

25 So it is on that basis that we had the discussion and the issue was

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discussed. So our colleagues on the other side were saying if the witness has not personal knowledge of the document and he can demonstrate no authenticity his evidence should not even go so far as to deal with the documents. That to us put us in a position where

5 insofar as the statement 6/2 rely on documents in respect of which this witness has not personal knowledge it does appear that he should not be leading evidence with makes reference to these documents.

That is the point that I was trying to address Chair.

CHAIRPERSON: Okay, thank you. Let me hear other counsel.

10 ADV KUPER: Mr Chairman and Mr Commissioner. My learned friend Mr Sibeko has correctly summarised some of the topics that we discussed. They do fall into two separate classes. The one class is how best to deal with the situation which has arisen namely the witness testifying at great length to matters to which he has not personal

15 knowledge.

Secondly the question whether the witness should be tendering the documents in question into the record. Your interest Mr Chairmain was directed to that first discussion. Let me deal with that first. There is a fraud proposition of course my learned friend is right when he said that

20 you are given a far wider discretion than would apply in court proceedings that is why very senior [indistinct] have been appointed as the Commission that is hearing the case.

Then so much more is it necessary that the Commission set guidelines which are intended to serve the objectives of the Inquiry by

25 optimising the value of the time that spent in the public hearing. Also by

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ensuring a utility of what is done during those proceedings.

What has happened here in regard to this witness and in regard to the documents to which he wishes to speak is that days have been spent listening to a witness read out and comment upon material of which he is not the author. Material in respect of which he cannot or will not  
5 identify the author. Material in respect of which he cannot or will not explain how he is in possession of it in the first place. Then material to the truth of which he cannot speak or disclose.

In that situation and if these documents are admitted into the record  
10 we would respectfully submit that no value is added and no purpose is served by allowing this witness to read out and to comment upon material which by definition he has not ability to propose to the truth of it. It cannot be used to be cross-examined or tested on it because his answers in all cases will be, „I do not know“. In which the Commission if  
15 better suited than the witness to form an opinion on the documents and the material in the documents as they stand.

So that there is really no justification for the time taken as the evidence leaders have done in inviting this witness to read through and to comment upon sections of the material. I want to point to the fact that  
20 that kind of procedure has allowed this witness to be the judge of what kind of material should be put before the Commission and not allowing the Commission to judge what kind of material is best put before it and in what way.

It has allowed a witness to publish allegations from material which  
25 self evidently is merely preliminary drafts. To publish allegations which

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are wide ranging and which are defamatory of the victims in every sense and prejudicial to them so that a man who is unable to speak to the truth of the allegation that he makes is making the allegation by reading it from the material. Making or putting it in the public forum as such  
5 without any constraint and without any responsibility. Because his answer is all that I am doing is reading you material of which I have no personal knowledge.

That has resulted as the Commission would have heard over the past few days in a range of allegations. Some manifestly absurd, some no  
10 more than pure speculation made about a whole range of persons many of whom have testified and who when testifying were not confronted with these accusations although the evidence leaders must have had them at the time.

So it is an unhelpful. It is an injurious and it is a time wasting process  
15 and the Commission is right alert to the fact that it should not be allowed to continue in this way. We would submit that if this material is to be received by the Commission then let it be received as such. That this witness has come into possession in ways not entirely clear or transparent of a range of material and he wishes to put this material to  
20 the Commission. Well let the evidence leader make the request that the Commission receive it, in its records and that the Commission assess it in such words that the Commission would wish to do in due course.

None of that for a minute explains or justifies this witnesses rampage through the evidence as though it were his to comment about or to  
25 speak about as though it was his to put before you gentleman as

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commissioners and deal with as though, although he has no responsibility for it and no knowledge of it he can debate it at length.

So we would submit that if the Commission is inclined to allow the documents to go forward then let them go forward. Let them go forward  
5 on the matter of them to be handed into the Commission and let the witness get on with what he knows and speak for and can take responsibility for. That so when he is cross-examined we will get a response which will be of some value to the Commission. If I may shortly deal with the second topic which my learned friend right eluded  
10 as well because we did discuss it.

We would submit that the Commission now that it is faced with this situation of material of this sort being sought to be put before it as part of the proceedings ought we would respectfully submit to set out those tests which such material should meet.

15 We will submit with great respect that those tests would be intended to establish firstly that the document that is presented firstly is an authentic document. That his author is known and that the circumstances in which it was created are known so that the Commission can form some kind of impression as to the weight of this  
20 not in the final adjudication in the weight of it as to whether it is worthy of being admitted into the record at all.

Secondly that in that regard the Commission would look to see that its content was *prima facie* relevant and that its content was *prima facie* reliable. In that regard one would say in this particular one if one is  
25 dealing with the mature judgment of investigators who have completed



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their investigations or does not appear that one is dealing with preliminary, preparatory comment not intended for publication and not intended by the investigators themselves to be of any weight or finality.

I would submit that it is quite clear that while he is dealing with  
5 [indistinct] preparatory material and that it is not the kind of material that could seriously be put before a Commission as carrying a genuine balanced insightful judgment that might be of help to the Commissioner of contained well assessed information, that might be of information to the Commission.

10 Then in this regard as well. We were able to find the Commission papers, a later document emanating in this case officially and signed officially from the investigation in Germany which repudiates these investigations on two basics. One that there was no evidence to support generalised allegations of corruption. Secondly that it was improper for  
15 an investigation that was taxed based to be changed in some way or to be used as a cover to some extent for an investigation into foreign corruption.

The document records the repudiation the formal repudiation of that investigation so that the very source which allegedly created these  
20 preliminary documents is one record as repudiating them. That being so it is very difficult we would submit to see what value you can give a Commission to receive these preliminary documents in this way.

Then Mr Chair and Mr Commissioner as we said previously you will be alert to ensure that the requirements of natural justice are served  
25 where allegations of a reputational damaging nature are made against

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persons, who in this case has come before the Commission and not been alerted to this material. Also who cannot properly be asked to defend themselves against anonymous or preliminary allegations. So we would submit that although the Commission may not be intending at this stage to finally assess probative point. Because of these circumstances we would ask the Commission none the less to raise now and to answer now the question whether such material is worthy of being placed before the Commission at all.

Certainly if the Commission takes the view that it is or that it does not [indistinct] to decide that issue now coming back to the first issue raised by the Chairman our contention would be if it must go in let it be identified and let it be presented through the evidence in them. It should not be the basis upon which a witness can speak in the way as has been done in the past few days. Just bear with me for a moment.

The final point that I would just like to put to the Commission although the Commission will the way that I understood it. Once these allegations are spoken in this forum they are taken up by the media inevitably and they cause a reputational damage from which the victim can never free himself. That is a further reason why there should be some bar upon the dissemination of allegations from anonymous sources by persons who cannot speak to their truth. Thank you.

CHAIRPERSON: Advocate Sibeko can you just address the last point that Advocate Kuper has made. About this preliminary reports end up costing serious reputational damage. Then should the person who introduce that document cannot take responsibility for that. If it is cross-

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examined he ends up saying I do not know it is not my report but the damage has already been done?

ADV SIBEKO: Chair in that regard we would perhaps make this simple response that while it may well be true that a reliance on documents for  
5 which a witness may not take personal responsibility or in respect of which he is not the author. Some reputational damage may be caused to the victim of the allegations. We would submit that indeed what appears in the documents would be allegations.

It is sometimes as it happens that whistle blowers are able to come  
10 forth and make allegations which result in investigations being conducted. Also the investigations that are subsequently conducted would have an outcome which would ameliorate or even at best do away with the reputational damage that would have been brought about by allegations made by a whistle blower. Then if the process once it  
15 has run its course demonstrates that the allegations were baseless and unfounded and perhaps not what the paper then written on or the air that was breathed into forums such as these.

We will submit that if allegations are made by their very nature they are allegations which the veracity of which at some point has to be  
20 established We have no intention whatsoever of making of prejudicing anyone referred to in the document. However that reports are what they are. Perhaps on the issue of the report which has been referred to the matter that I sought to address earlier on that the allegations set out in these reports. Or at least by investigation was stopped on the basis that  
25 there was no evidence to support the allegations set out therein.

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A document was furnished to us that is the document that I started to address when Chairperson stopped me. At the heading of that document reference is made to a preliminary investigation of your clients, [indistinct] *gesin*.

5 The report that the witness was testifying about makes reference to certain names of German citizens or residence. This report or at least this document does not refer in any manner whatsoever to the persons or allegations made in the report that the witness who is testing about. I will submit that in that regard that this report in which seeks to state that  
10 the prosecution has been withdrawn against *Jan se gesin*[?]. Cannot be evidence that conclusively or in any manner whatsoever I will submit reflect on the outcome of the investigation that was conducted in the reports that the witness is testifying about.

Unless there is such report we would submit that the allegations to  
15 which the witness has testified to as set out to establish the facts or the allegations which he seems to put forward. We would submit that to the extent for the Commission to make a ruling on the subject that would determine how we go forward with the delivery of the evidence. Perhaps it would be appropriate then that a ruling in this regard should  
20 be made.

COMMISSIONER MUSI: You and I understand quite clearly that the content of this report that we are dealing with are allegations. My experience are in the reporting in the media. My experience is that there is it reported as evidence. That may be a huge problem for the  
25 people indicated in the report. The second issue I wish to draw to

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attention to or raise and maybe Advocate Kuper can help me in this regard. If we should receive these supporting documents by the witness and given that we have not decided whether they are admissible or not and also given your concern that they contain or they may cause  
5 reputational damage.

If we receive them, what do we do. Do we put them on the website how do we deal with it?

ADV SIBEKO: Chairperson Musi while I understand the concern that has been raised I propose the reputational damage to victims of the  
10 allegations which may be caused in the manner in which the media reports these allegations. Perhaps by failing to qualify them as allegations such as evidence I would be the first person to admit that, that is quite unfortunate.

It is quite difficult to respond to that because we would then be  
15 required perhaps as evidence leaders to take responsibility for the media which is something that might fall outside of our realm. Perhaps it is something that might be left to the regulators of media practitioners. I understand the concern that you raise. Perhaps regarding the second point is the matter that you raised with Kuper Sc. I will submit that  
20 perhaps as I pointed out earlier in agreement with him that perhaps in order for some filter to be placed in trying to protect the victims of the allegations that are made in the documents and in respect of which a witness may perhaps not take responsibility for that just to steal the thunder from him.

25 I would implore the Commissioners as was suggested by him to make

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a ruling on the matter and perhaps that would guide and perhaps shape the manner in which these proceedings are conducted going forward.

CHAIRPERSON: I am going to propose that we deal with the issue that I raised earlier on. The second question is trying to bring in a filter. It becomes very difficult to implement. There is arch lever files I only receive them yesterday. On Monday I only had the statement. This arch lever files keep on coming on a daily basis and there is no way in which you are going to read those arch lever file before we come here and make a ruling.

10 Some of the arch lever files that were printed yesterday I have not even taken them home. I only have three at home still battling to go through those three and the other five is already waiting for me in the office. It is going to be very difficult to make that type of ruling or formulating a test in order to determine how we should deal with these documents.

15 I think the best that we can do under these circumstances is to deal with the documents as and when they come to us. You know if this was a normal court proceedings we would have said that the documents must be served no later than such a day making sure that we know we are getting enough time to read the documents. I think that it is possible this afternoon I was still making copies. Like yesterday like they did on Sunday probably until 12:00 or 01:00. It is going to be very difficult to make a ruling. I think that we are going to make a ruling dealing with the issue that made us to adjourn this matter earlier on.

25 COMMISSIONER MUSI: Well I have been requested by Chair to

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enhance on the ruling that we intend making. I will make the following preliminary remarks. a Perusal of Dr Young's statement show that he has extensive knowledge of matter relating to the combat suite in particular. He has indeed given extensive evidence in this regard.

5 I think that we should appreciate that. However it is clear that he has no personal knowledge of many other matters contained in that statement. You allowed him to deal with these purely in order not to be seen to be unduly curtailing the scope of his evidence.

However we have time constraints and could not allow him to  
10 continue in the manner that he has been doing since yesterday afternoon. I have to enforce an approach that we have applied in the past in matters of this nature. That is why we had to make a ruling now. The ruling that we made today hopefully will allow Dr Young to continue with his evidence based on his statement and to use his supporting  
15 documents.

While at the same time ensuring that time is not wasted on interrogation of matters that does not fall within his personal knowledge. I now proceed to read the ruling.

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20

**RULING**

It is obvious that the supporting documents that Dr Young wishes to use in his evidence are not matter within his personal knowledge comprising as they do with report, memoranda and statements made by other people or bodies and are strictly speaking not admissible in  
25 evidence. However considering that this is an investigative body such

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material would be accepted purely in order to assist the Commission in its investigations.

Therefore the ruling is as follows:

1. Dr Young with proceed with his statement and where he wishes to refer to the specifics in a supporting document he can do so and give a brief explanation of what it entails whereupon it would be received as part of the record.

2. He shall however not deal with the content of the supporting documents or comment thereon. However he may draw the Commission's attention to specific passages or paragraph in the statement or the documents without reading them.

3. Where any matter in the supporting document is within his personal knowledge he may deal with it.

Signed: Chairperson: Sereti, J.

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COMMISSIONER MUSI: Thank you.

CHAIRPERSON: That is the order that we make. Do you want time to reflect or are you ready to proceed with the evidence of Dr Young?

ADV SIBEKO: Chair if we may be furnished with a copy thereof. In order to be able to deal with the evidence of Dr Young going forward. I seem to have heard in one of the paragraphs where Commissioner Musi states that he can deal with the, I am not certain whether he says he may not deal with the contents of the document he seeks to rely on. Perhaps just to seek clarity on how then the witness might be required to make use of the document in respect of which he may not use the



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contents off?

**CHAIRPERSON**: Okay maybe you are right. Maybe just a chance so that we can reflect on that. Basically what we are trying to say with the third paragraph is that there might be documents somewhere else and those documents might be containing issues that he can personally deal with or which are within his personal knowledge. If they are not he may just refer to them without reading them.

We wasted a lot of time yesterday and this morning allowing Mr Young to read the document the source of which you are uncertain and making comments about issues which other people are investigating. So basically that is what we are trying to clear and we will adjourn for a few minutes then you can go through that order and then we will come back. When we come back you can tell us how you intend proceeding.

Can we come back at 15:45

**ADV SIBEKO**: Yes we can come back at 15:45, is it possible that we can have a copy of the ruling.

**CHAIRPERSON**: There is just one or two typographical errors we just correct them and then I will give you a copy thereof.

**ADV SIBEKO**: Thank you Chair.

### **COMMISSION ADJOURNS**

### **COMMISSION RESUMES**

**ADV SIBEKO**: During the adjournment we reflected on the ruling that was handed down a short while ago. My colleague Ms Sello wishes to address the Commission. It is with regard to I believe it is paragraph 2 and 3 of the ruling. That is how it will unfold on the evidence.

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ADV SELLO: Chair and Commissioner Musi. In dealing of paragraph 2 and 3 items 2 and 3 of the ruling I must at the outset state that it is not our intention to argue against the ruling or to seek to have the Commission or overturn its ruling.

5       What we would like is a clarification of the two items particularly insofar as the impact on the testimony of Dr Young and how it is delivered to the Commission going forward. So ours is firstly to deal with questions of clarification. Just to make sure that we are all on the same page in relation to the meaning of the ruling.

10       We first deal with item 2. The first sentence reads:

*“He shall however not deal with the content of the supporting documents or comment thereon.”*

Prior to the ruling being read into the record by Commissioner Musi the Commissioner had expressed concerns about the fact that Dr Young  
15       makes reference to these documents or passages within these documents and proceeds to give interpretation to the portions that he has read or to analyse them. Or to give his own subjective view, to the extent that commenting thereon or prohibiting him from commenting thereon is to address the concerns of the Commission.

20       In our discussion I think we are *ad idem* that maybe it is unnecessary for him to express and interpretation of a paragraph that he is reading in the document. The Commission can do that for itself. It has got the document before it. The difficulty that we have going forward if the first part of the ruling. Which says that:

25       *“He may not deal with the contents of the supporting document.”*

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The difficulty arises in particular in relation to that aspect of his evidence that relates to allegations be that corruption, fraud or impropriety and irregularity. In his statement Dr Young would time and again make allegations of impropriety of some kind or other and seeking  
5 to support his view that there was impropriety he then relies on certain documentation.

Now in dealing with that allegation he may, because he was not personally involved in whatever the impropriety is he does not have documents of his own to support the allegation of impropriety he only  
10 has document from other sources that support his view of impropriety. So the limitation that he may not deal with the documents with the content of the documents creates a problem for him because.

1. It would mean the best we can do is say in this regard I refer to RMY52 and I say 52 because that is the one that is immediately before  
15 us and not go to the specific paragraph ...[intervenes].

COMMISSIONER MUSI: Then he can say paragraph so and so. Or passage so and so in that particular annexure.

ADV SELLO: Thank you Commissioner Musi. In saying annexure so and so and paragraph so and so. To understand whether he is  
20 prohibited to then say what the paragraph says in support of an allegation that he has made in his statement. Also ...[intervenes].

COMMISSIONER MUSI: You refer us to the passage and we will read it ourselves and anybody who is interested will read the passage.

CHAIRPERSON: The difficulty is that he wants to interpret the  
25 document for us. He wants to put the legal meaning of that document.

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We are capable enough to do that. He want so say paragraph 15(a) or (b) that is good enough. From there we will go to paragraph 15(a) and (b) and look at it. It is not for him to start telling us what is the legal implications thereof.

5 He is an ordinary witness as far as legal issues are concerned. He might be an expert in other fields but the legal implications of the paragraph that he refers us too that he must leave to us.

ADV SELLO: If I may address Commissioner Seriti first. Chair we are in full agreement with that and I think that the witness has conceded that  
10 he cannot attempt to give legal interpretations to statements appearing in documents. He is not called upon to do that. Insofar as he may attempt to do so then we would concede would have gone beyond the realm of the purpose of which he involves the document.

I think that we are satisfied as far as that is concerned going forward  
15 we will not be experiencing that problem. The wording of item 2 is slightly broader than that. It says that he might not deal with the document. Now we are trying to understand exactly what dealing with the document means. If it means refer RMY52 paragraph 1.6 and not say at 1.6 it deals with a, b or c whether he is prohibited from  
20 mentioning those words and or whether he is prohibited from saying 1.6 where it states and read a brief extract from 1.6. That is the clarification that we wanted to get?

CHAIRPERSON: You are right on that point. The difficulty we had this morning is he was reading the entire document. That is what is causing  
25 a problem. If he wants to say paragraph 15.a or point c which deals with

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this particular issue there is no problem with that. Then this morning he was reading the entire document. It was a 40 page document. When we started he was hardly half way and he still have six or seven arch lever files. That is what we are trying to curb.

- 5 COMMISSIONER MUSI: Just to add. Take for instance paragraph 278. German Prosecuting Authorities have refereed that document to the record, written in German inter alia provides details that this parties are involved and the amounts involved and what he belief to be the person doing the payments. He refers to the relevant document we will read
- 10 that not so?

ADV SELLO: Again if I may address myself to Commissioner Seriti. Commissioner Seriti I think that the question that we pose to get clarification is a slightly different one. There does not seem to be any difficulty that end the witness. He cannot read each and every page of

15 the document that he seeks to rely on. If for any reason time does not permit for that we want him to clarify that. If that is the starting point and the witness understand that may he on the other hand then in dealing with a document just read those extract as he deems primarily important to support the allegation of corruption that he has made.

20 Not to read each and every page as we have experienced this morning but to make an election within that document in the briefest of ways to quote from that document. Now we believe that we understand that if you were to do that he would in effect be dealing with the documents and we fear that may fall fowl of item 2. Hence the

25 clarification that we seek. Commissioners if I may just remind myself of

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Commissioner Musi's question. Commissioner Musi?

COMMISSIONER MUSI: What I am saying is that you are reading that 278 paragraph. He refer us to documents and he is going to hand them up those documents. We will read it ourselves. He does not have to  
5 analyse them.

ADV SELLO: Thank you Commissioner Musi for reminding me. Yes I think earlier in the course of the day Advocate Sibeko had mentioned that the witnesses position is that the statement acts more as a memoir for him and he gives his evidence through the documents he has listed  
10 in the statement. If however and the witnesses view is if however he is not permitted to read from the documents maybe the appropriate way would be to extract from the document that he seeks to rely on and include in the body of his statement that which he deem relevant and to give the document in support thereof just to verify that the quotation that  
15 he gives in the statement is exactly as appears in the statement, sorry in the supporting document.

So dealing with 174 for example it would mean that where he says there is documentary record which provides details of the parties the amounts involved and transfer of the bribery payment he would then  
20 extract from the documents some of which is voluminous with particular reference to pages and paragraph where he says the parties involved listing them.

The amounts involved, stating the amounts and the transfer of the bribery payments and stating by way of quotation how those transfers  
25 were affected. That is the difficulty that we were having because we are

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now going forward. We are now at annexure 52 the last count was 150 annexure. We would not want a situation where each time the witness refers to a document then he is dealing with the document and falls fowl of the ruling. Hence the clarification. Also this is particularly relevant to matters that fall outside the sub systems which is where he has personal knowledge.

This is where his Company C-Squid I-Squid submitted documents and had document directed to it. So Chair and Commissioner Musi that is the clarification that we would request of the Commission to enable us to assist the Commission in leading this particular witness. As regard to the 3<sup>rd</sup> point. It states that ...[intervenes].

CHAIRPERSON: Just before you go to that 3<sup>rd</sup> point. Are we done with the 2<sup>nd</sup> point?

ADV SELLO: Yes Chair I have expressed what our where we seek clarification?

CHAIRPERSON: Have we given the clarification?

ADV SELLO: No Chair I thought I would to place the problems or the request that have all on record and then to give the Commissioners an opportunity to respond. If it suits the Chair better to deal with every point.

CHAIRPERSON: I think we have answered you [indistinct] is concerned. In our view it is good enough for us to refer us to that particular document for instance paragraph 15 a; b; c and d. Not for him to start reading that entire document and giving an interpretation thereof. May we then get to point 3 then?

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ADV SELLO: As the Chair pleases. On point 3 the ruling states:

*“Where any matter in the supporting documents is within his personal knowledge he may deal with it.”*

Again it is it revolves around I guess the verb which is dealing with it  
5 and the witness wanted clarity on matters of allegations of impropriety  
and he wants state for the record he has no personal knowledge of  
those. His understanding of improprieties stems from a deduction  
based on facts that are available to him and that deduction is then  
supported by documents that he does not author.

10 Consequently he cannot claim to have been personally involved in  
any propriety allegations of bribery and the like. So that being the case  
insofar as these allegations are concerned how does item 3 effect his  
testimony going forward?

CHAIRPERSON: Again when it comes to that because he does not  
15 have personal knowledge of that. If he refers to any document he can  
refer us to that document saying that if you read it in conjunction with  
that paragraph and this you will get and not for him to read the entire  
document. I am sure you are aware why we ended up adjourning this  
morning.

20 The witness was reading a 40 page document not authored by him.  
He even tried to give us an interpretation of that document. That is what  
we are trying to avoid. If he had not personal knowledge of any issue  
he can bring our attention to it and then we will investigate it. Not for him  
to start telling us what that document says and what he think we should  
25 be doing This is the difficulty we had this morning. He was reading



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another document trying to tell us exactly what that document says. We can read that document ourselves as long as he brings it to our attention.

ADV SELLO: Thank you Chair if I am confer. Chair and Commissioner

5 Musi I think that we have the clarity that we were seeking During the course of discussions with the witness Dr Young expressed an interest to address the Commission on this point and with your permission I would like to hand over to him?

DR YOUNG: Thank you it is not just one point but I will be pretty quick.

10 Firstly I would like to take these headphones off. Firstly I would like to apologise to the Commission for taking so much time over this one particular document. The only reason why I did it that I reflected on it quite substantially extensively last night and I only did it because it basically other than one particular other mayor allegation regarding  
15 corruption it puts all the corruption and bribery things in one thing.

I apologise for the time but I personally think that bribery and corruption is an important point and a term of reference for the Commission it was an important document. I apologise for the way that we handled it. A second point that I would like to make is [indistinct] I  
20 am watching two or three different legal things happening and I am an engineer.

If I may say there was certainly some divergent views of the legal teams of the other parties. If I can just make a short point I actually find it incredibly rich that the legal team for the Department of Defence  
25 could address the whole issue of reputational damage in the way that

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they did. I am saying that in the context of the evidence presented by one its witnesses being Admiral Kamerman I think it was in May this year 26<sup>th</sup> or 27<sup>th</sup> which is very seriously reputational damaging to me and I have not had a chance to cross-examine and to rebut that.

5 The difference between my evidence despite it being based on documents that I did not author at least my allegations are not board. It might not be a hairy as the legal system might like. But unlike the Department of Defence's reputational damage that it did to me the vast majority of those allegations were not only completely incorrect they  
10 were completely bold as well.

The other point of departure that I would like to address is right of the beginning at this Commission Inquiry I have been following the manner in which evidence was led and the fact that each and every witness was required to give an oath and the oath I give it a huge a amount of  
15 [indistinct] attention and I even discussed it with my evidence leaders that it the oath to tell the truth, the whole truth and nothing but the truth. That silly joke with the people who have taken my oath here I said that I cannot tell the whole truth, I do not have enough time.

I though the truth that I knew involving corruption was an important  
20 part of this Commission certainly important enough to take the time that it did this morning. Secondly as I said right at the beginning I derived absolutely no satisfaction whatsoever. In fact it made my quite nauseous quite ill to read those documents last night in preparation for today. So this is not done for any *mala fides* reason of mine. :It is because partly it  
25 is part of the truth.

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The other point it unlike very many legal actions, criminal all criminal trials have a public interest to them. Many civil trial do not. These proceedings are entirely in the public interest. Now I came into possession of these documents. They are bona fide. They are not  
5 patent and I tried to testify about that. There are certain sensitivities regarding not so much my knowledge of the author but my speculation of who the exact person might be. I have actually advised the Commission of at least the organisation which authored these documents.

10 Be that as it may. I was trying to think of what the public for whom this Commission was set up would think that if I was in possession of these documents which include bribery agreements. Executive statements involving people not just any [indistinct] people but people involving the Corvette Program. The Corvette combat suite is still part  
15 of the Corvette Program which is acknowledgment that I am knowledgably about. What were people think if I was in possession of these documents and there are certain people who do know it that I omitted to bring it before the attention of the Commission. I think that it would be highly irregular for me to do.

20 The last point that I would like to make is that unfortunately the term whistle blower has come up today. Commission of Inquiries like this are about evidence gathering and whistle blowing, I use the term in a positive sense it is not being a *impimpi* it is blowing the whistle of things going wrong. Corruption is a mayor thing in this country. If I was just to  
25 skirt around the points of corruption what would value actually be in

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terms of the knowledge that I have in terms of documents of which I am the author. It would be very minimal. Unfortunately reputational damage or otherwise or whatever is just part of the course, Part after the course. I am biting the bullet on what has been said about me and the

5 Commission and unfortunately would have expect the same from the other parties.

COMMISSIONER MUSI: Let me assure you ...[intervenes].

DR YOUNG: Excuse me?

COMMISSIONER MUSI: Can you hear me now. Your efforts are being

10 appreciated. You have done a vast amount of work in compiling the sort of documents that are before us today. We are accepting this we are saying bring them in. We said that we are going to receive them and we are going to look at them. They will assist us in the investigation that we are conducting. It is not for nothing that they are before us.

15 Secondly you have given evidence on matters that are within your knowledge it is extensive evidence that you are giving and I said to you that, that is appreciated. As far as reputational damage is concerned you talk about the evidence that was given before this Commission by one of the witnesses. The difference between his evidence and yours is

20 that he talked about matters that were within his knowledge. If you talk about matters that I would think of knowledge and in the course of that evidence someone might get hurt, it is unfortunate. The difference is that you are talking about matters that are within your knowledge.

Different is a situation when you talk about things that are not in your

25 knowledge. You are repeating allegations made by other people which

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is basically hearsay and people are damaged because of that, that is something else. I hope you understand the difference. Thank you.

CHAIRPERSON: From my side you know as he was saying he thanks you for bringing this document to our attention. Once a document  
5 comes to our attention we will definitely have a look at it. I may just mention that we are not seeing this document for the first time.

We saw it two or three years ago. We analysed it and we took certain actions because of the information that were contained in this document. We are not seeing this document for the first time. We do appreciate  
10 the fact that you are bringing certain documents to our attention and we do attend to them. We do not simply leave that. The difficulty that we have today was the manner in which this document has been dealt with in order for it to come in to our possession.

Most of the things that you were saying today we are all aware of  
15 that. In any event I may just mention that we tried to follow up some of the issues that are raised in that document,. We have already tried to follow up. That is why I wanted to know who the German official is that you have spoken to. We have tried to make contact with them. We have made contact with some of those German prosecutors. So this  
20 document was not something new which we saw for the first time when you started testifying today. That is why it might be better for us to try and get a much better way of dealing with this document.

Give us a running commentary of it because, besides we have already spoke to several people who are in this document. I hope that  
25 clears a few issues that you raised. That you.

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DR YOUNG: Thank you Commissioners.

ADV SIBEKO: Thank you Chair and Commissioner Musi for the clarification of the ruling that we have received. In the light of this clarification and what appears to be a requirement to be complied with  
5 in dealing further with the testimony of this witness. We would respectfully seek a adjournment until tomorrow morning to try and re-organise the presentation of the evidence to present it in a manner which is in terms of the clarification that has been made, we can attempt to comply with it.

10 CHAIRPERSON: I suppose in the light of what had happened up to now there will not be any objection that we adjourn 18;00 as I promised yesterday. Can we start at 09:00 tomorrow. Let us make provision for traffic.

ADV SIBEKO: I made every endeavour to be here at 09:00 it was just  
15 an accident that I came across outside Pretoria.

CHAIRPERSON: Okay try and take a route where there is no accidents [laughing] thank you. Let start tomorrow at 09:00.

**COMMISSION ADJOURNS**

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**ARMS PROCUREMENT COMMISSION**

*Transparency, Accountability and the Rule of Law*

**PUBLIC HEARINGS**

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**HEARING ON 11 MARCH 2015**

CHAIRPERSON: Thank you. Good morning. I see we have done slightly better today, time wise.

ADV SIBEKO: Indeed, Chair. There were no accidents today, just a  
5 volume of traffic that I managed to navigate through.

CHAIRPERSON: Thank you.

**RICHARD MICHAEL MOBERLY YOUNG**: (s.u.o.)

ADV SIBEKO: Dr Young, do you have your statement in front of you?

DR YOUNG: Yes. I do.

10 ADV SIBEKO: Can I ask you to turn to page 62 of your statement and turn your attention to paragraph 278?

DR YOUNG: I have got that in front of me.

ADV SIBEKO: Before that, when we stopped, when you stopped giving evidence yesterday, we were busy with the reference you have  
15 made to the German report that you started to bring into the record and the Commissioners have been ruling, pursuant thereto.

DR YOUNG: How could I forget?

ADV SIBEKO: Now, before we proceed with these allegations, of corruption, relating to the, the Corvette platform, I believe that there are  
20 some remarks you wish to make, before we proceed with your evidence?

DR YOUNG: Yes. Okay. The first is a semi administrative matter. Yesterday the, the Chairman asked me for the contact details of Detective Chief Inspector Andreas Bruns. I said I had to go back to my  
25 email records. I would also like to put on the record that my first



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interactions with the Commission, were around about May 2012, when I was visited by Advocate Fanyana Mdumbi and Kate Painting and I have an email from myself to her, in response to her request. Attached to my email was a very comprehensive five or six page list of about 100  
5 different relevant parties. But, on the last page, which I have in front of me, are the contact details of Andreas Bruns and his position, as Detective Chief Inspector and his telephone number and his email address in Germany. Right underneath it is a relevant party, Harry [indistinct] from the prosecutor's office. What I also have in front of me,  
10 in terms of the full addresses of, of Andreas Bruns. It is an email from him, with all his details, which I, I will provide, to the Commission, to the Chairperson. But, I, I see yesterday there is a news article, which is saying that I got this, these report from officials. I want to reiterate what I said yesterday that I never received these reports from officials. In  
15 fact, Andreas Bruns here says:

*"Dear Mr Young, only the office of the public prosecutor of Dusseldorf is responsible to give information in this matter. Please request information there."*

And they give me, they give me contact information. So, that, that  
20 covers that particular point. I do want to say a few other points, but I, I can do them in just a minute or two, to get this issue of the, the German investigation report, all three of them, behind us.

CHAIRPERSON: Just hold on. Before we, we will proceed. Thanks a lot for that information. Can you make those copies of those documents  
25 available to us?

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DR YOUNG: Yes. I have got one copy. It is my reference that I make the stuff available to you only. If, if the ruling is that multiple copies get made, then I, I will accept that.

CHAIRPERSON: At this stage, I do not think it is necessary for us to  
5 make multiple copies. There is nothing wrong. One copy will do.  
Thank you.

DR YOUNG: I would hand it over to my learned evidence leader and he can hand it up to the bench.

CHAIRPERSON: Thank you for the documents, Sir.

10 DR YOUNG: That is a pleasure. As I said, I think we need to close off the decision. But, it, in my view it is both relevant and appropriate, not just to leave it hanging in the air. But, as I said, I do not even think that we need to address the other two German reports, to which I refer. They are all companion reports. The next one is RMY 53 in English and  
15 then, the RMY 54 in its, it is the German one and its translation. We can, we can move over those. But, despite what was said by Advocate Kuper for the Department of Defence, about, in a slightly, well, substantially disparaging terms about my inability or my reluctance to provide a, the, the basis for the [indistinct] to receive this document. I  
20 am pleased to see that very, in the proceedings yesterday, the Chairman himself, advised us that he was in possession of this very same document, himself. So, hopefully that would vouch for the authenticity of it. As I said, there are three in the same series and I hope, hopefully that applies to all three documents. Hopefully the  
25 Commissioners are in, also in possession of the, the other two. I also

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might say, in response to, I think, it was Advocate Moerane, yesterday that the investigations were stopped. In my, my evidence is, as these documents are, I am not going to go to the documents, unless I get asked to, except for one, just, just one sentence here. But, my, the, the

5 investigations were indeed, stopped eventually, for two reasons. One, the statute of limitations came into play regarding the German subject of the investigation. Secondly, the failure of the South African authorities to co-operate in returns of their own MLA request, despite the South Africans issuing a MLA request, that whole process actually died, for

10 some reasons, unknown to me. That was the reason for, for that investigation coming to an end, if I may just quote one relevant sentence from the report in that regard? It says here and you can take me to the relevant [indistinct] but this is my own view as well. But, the report says:

*"In the meantime it seems that officials in South Africa consider own*

15 *investigations."*

CHAIRPERSON: I am sorry. I am sorry. Which report are we referring to and where does it appear? In which one are you reading now?

DR YOUNG: I am referring to the report of yesterday, where we left

20 off, which is my page, well, sorry, not where we left off. It is almost at the end, my page 37 of 40. So it is three from the end and it is just above a heading that says Antony Georgiadis.

ADV SIBEKO: That, that should be RMY 52. It is in file four. What page is this?

25 DR YOUNG: Your page, it is page 37 of 40, so it is three from the

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end.

ADV SIBEKO: It will be page 1112 of our document. Which part of the document would you like to refer to?

DR YOUNG: Okay. It is about four lines, above the heading that says, one, Antony Georgiadis. I just want to read the one sentence in, it is that:

*"In the meantime, it seems that officials in South Africa, at least consider own investigations and declared (I think, they mean declare) full co-operation with British and German authority. Reality will prove."*

10 And in my view, part of the reality is this very Commission.

CHAIRPERSON: Just hold on, Dr Young. We are still trying to find the paragraph.

DR YOUNG: I am very sorry. My evidence leader asked me to proceed.

15 ADV SIBEKO: I, I beg the, your pardon, Commissioners. It is at page 1112 of our papers. The sentence that the witness has just read into the record appears in paragraph, just below the line that appears at the end of the first paragraph. The sentence he is reading is the last two sentences of, on that page. It starts with, yes, of the second paragraph.

20 There is a part. And you are saying the reality is?

DR YOUNG: Well, the reality in the context of its own investigations is this very Commission itself. That is why I deemed that these reports, it was one of the reasons, because there are lots of reasons, but one of them why they are relevant, to address to the Commission.

25 ADV SIBEKO: You have referred to at least two further reports, two in

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English and one in, written in German that you had sought to rely on. In fact, they are referenced in your statement, which deal with the same subject matter and you refer to these as sister reports. Is that correct?

DR YOUNG: Yes. This, the word sought is in the wrong tense. I still  
5 seek to rely on them. But, I do not intend to read any of them, any part of them into the record.

ADV SIBEKO: Now, these appear in our documents as RMY 53. That is the first one. It is dated 23/08/07. That appears at page 1116.

DR YOUNG: That is correct, yes.

10 ADV SIBEKO: And it, it is referred to, in your statement, at the end of paragraph 277. Is that correct?

DR YOUNG: That is correct, yes.

ADV SIBEKO: What is it that you would like to highlight, in respect of that report?

15 DR YOUNG: No. I said there is nothing that I want to highlight. But, it was all there, I could have. But, I think, most of what I wanted to do is traversed in, in the first report. In fact, this one starts off by saying editorial reference. There are some corrections. But, again, it is a 22 page report. There is a lot of relevant material in here.

20 ADV SIBEKO: It deals with the allegations of corruption that you have already referred to.

DR YOUNG: Very much, indeed, with the same parties, the same persons, being referenced, from start to finish.

ADV SIBEKO: Now, a, a further document would be the report, written  
25 in German, which is RMY 54, our page 1140. I have, not many of us

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read German, but I believe, the translation thereof is in RMY 55. Is that correct?

DR YOUNG: Yes. That is correct.

ADV SIBEKO: RMY 55 is at page 1156. Now, RMY 54, the German  
5 reports, that is the document, you deal with in your paragraph 278 of  
your statement. Is that correct?

DR YOUNG: That is correct, yes.

ADV SIBEKO: And you say, this document provides further  
documentary record, with regard to the details of the parties involved.  
10 The amounts involved in the transfer of what the German authorities  
believe to be the bribery payments, in the same way as those referred  
to, in your RMY 52. Is that correct?

DR YOUNG: That is correct, yes.

ADV SIBEKO: Now, referring to RMY 55 and if you just put a finger on  
15 RMY 54. You will see the date on RMY 54 is 07/05/2008.

DR YOUNG: That is correct, yes.

ADV SIBEKO: And if you turn to RMY 55, it is page 1156. The date  
there appears to be 13/02/2007. Is it your evidence that the report in  
RMY 55 is a translation of RMY 54?

20 DR YOUNG: Certainly, the, the [indistinct] content of it, yes.

ADV SIBEKO: So, both these report deal with the same subject  
matter.

DR YOUNG: Yes. As far as I know. It is, it is only the content of the,  
of the document that was translated.

25 ADV SIBEKO: Now, in your, if I ask you to turn your attention to

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paragraph 280. You mention that in, in the light of the contents these three reports, or from the German Investigating Authorities, there are the problems, of circumstantial grounds for believing the allegations to be true. What is the basis of that including?

5 DR YOUNG: Well, there are three reports, as you correctly pointed out ...[intervene]

COMMISSIONER MUSI: I am sorry. I am sorry. I am sorry. Just, just, clear one thing so we know, so what is happening here. You say that RMY 55 is the translation of RMY 54. But, the translation precedes the  
10 document.

DR YOUNG: What I have said is just, just the contents of the translation. Obviously, something went wrong with the, with the head, the header part of it there. But, can I ...[intervene]

COMMISSIONER MUSI: You, you see what I mean, Advocate Sibeko?  
15 RMY 54 is dated 7<sup>th</sup> May 2008, whereas the translation is dated 13 February 2007. The translation precedes the actual document.

DR YOUNG: No. It is not. What I, what I said is that there, I, I did an automatic translation, as I described, using, so I used the google, google translate and what, the way one does it, one just cuts and paste  
20 information on a piece meal basis. Obviously, I made a mistake there, in, including the, the wrong, the wrong header, of the, of the previous document. But, the correct, the correct document, the evidence document is, is the German one. That is the correct one. The, the English translation was, first of all for my, for my own use, to understand  
25 what, what the previous one said. I have included it, in these, in my

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witness statement, the English translation that is, because obviously, I relied on the English, the English version and not on the German version.

ADV SIBEKO: Now, Dr Young, can I ask you to go back to RMY 52  
5 that is at our page 1076.

DR YOUNG: Yes. I have that in front of me.

ADV SIBEKO: Now, you, you will see, if you have a look at page one of that document. It is also dated 13/02/2007. It starts in the same way as RMY 52 starts. Would these be the same documents?

10 DR YOUNG: They are not the same document. They, they are from the same series of documents. As far as I can see, from that head there, the only, the only difference is, is the date. The, the rest, the rest, which identifies the origin, the document is the same, as far as I can, I can see.

15 ADV SIBEKO: Now, the two documents are, they have the same number of pages, if one has regard to RMY 52. The first page thereof, is one of 40 and RMY 55 is also one of 40. They basically are identical. Perhaps, the document that went into RMY 55 is not the correct document.

20 DR YOUNG: No. The contents are all correct. What I, what I have done, is just trying to put together a pdf version of a translation. It is the header, the header and the footer that has, has been incorrect in these. But, I am, I am not seeking to rely on the, in fact, I am not even traversing that document at all. So, I am not, I am not using the English  
25 version at all. What I am stating for the record is that the German



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version is the original version. Anybody seek, want to seek to rely on any, any part of that, they need to refer to the German version and get that officially translated. I was only, I need to state, I, I have only been trying to be helpful, in providing an unofficial translation.

5 ADV SIBEKO: Alright. We were beginning to deal with, what you state in your statement at paragraph 280. Do you have that before you?

DR YOUNG: Yes. I do.

ADV SIBEKO: I have put the question to you that you stated in this paragraph that having regard to the contents of the documents, or these  
10 reports that you have referred to:

*"There are cogent circumstantial grounds for believing the allegations."*

That sounds like a conclusion. What is the basis therefore?

DR YOUNG: Well, in my own mind, these are genuine documents. If  
15 one reads them, they, these are, these are not just summaries. There are detailed references to search and seizures, to other documents, to dates, to other relevant circumstances. There are three reports. The second report, the second report partially corrects, corrects the first report. Then, the third report, the correct date is in 2008, is a year later.  
20 So, anybody, looking at the documents, knowing from where when they emanated, knowing the contents, it certainly gives somebody, like myself, the impression that they are genuine documents. If they are genuine documents, one would hope to believe the content. It is also genuine and the contents certainly do, do give one the, the belief that  
25 they are, at least, possibly true. Certainly, if such a report were ever

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written and provided to the South African authorities, then I, I believe it is worth, worthy of independent investigation, by both this Commission of Inquiry and any other relevant investigation, regarding the strategic defence packages. Earlier, in your evidence, you made reference to what you referred to as Project Sitron phase one, or, which, which was an earlier acquisition project that you say, you were involved in personally. Do you recall that?

DR YOUNG: Yes. We, we are starting now at, now 281.

ADV SIBEKO: That is correct.

10 DR YOUNG: May, may I just finish 280? There, I have just address the, the first sentence. So, I just want to just point out, these allegations stem from the background of the Corvette acquisition. Of course, as we went through the document yesterday, there are some allegations, involving the submarines. But, I was concentrating on the Corvette acquisition, as you correctly just pointed out, Project Sitron. What I wanted to point out, at this juncture, Advocate Moerane, yesterday, referred to a document, which I now have in front of me, which refers to the preliminary criminal investigation of your client Gems Gissen from the charge of tax, tax evasion. It only is one line long. So, it is fairly short, sharp and sweet. But, what I can say and that was my own evidence, regarding the Corvette acquisition is, I have never, ever seen the names of Gems Gissen before. All the evidence that I want to give, in respect of those parties, those individuals are involved in the SDP's, which is the subject matter of this, this Commission. Gems Gissen, certainly, in this document here, and I cannot read the German

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document at the end. In fact, even Google would not be able to do it, because it is not typed. As far as I can see, this document has nothing whatsoever to do with the strategic defence packages or, or probably even this Commission of Inquiry.

5 ADV SIBEKO: Yes. Now ...[intervene]

CHAIRPERSON: Advocate Sibeko, can we also get a copy of that letter?

ADV SIBEKO: The letter, is, the witness is referring to is the one that was offered to us here in, and I thought to demonstrate that the  
10 investigations that form the subject matter of the report that the witness was dealing with, had been closed. I sought to address that letter.

CHAIRPERSON: Yes. I understand about that. The witness was reading the letter. I am just asking for a copy of that letter from the witness.

15 ADV SIBEKO: Oh.

DR YOUNG: As long as I may ask for a copy, myself.

CHAIRPERSON: I will make sure that we give you the copy.

DR YOUNG: Thank you very much, Sir.

ADV SIBEKO: Thank you, Chair. I, I was not aware that copies are  
20 not available. I thought the documents were, were distributed to all the interested parties.

CHAIRPERSON: Yes. You know, I am not sure. They might have given us a copy. But then, you know, we are being given so much document documents from Monday to now, to, to date. I am not even  
25 sure, which documents we have, which ones we do not have. It is

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possible that they might have given the document.

ADV KUPER: If I may indicate, Chair, that no copies were distributed, as far as I know, certainly to us, or to Advocate Moerane. We were just shown the letter, which I may say, was not German, but was in English.

5 CHAIRPERSON: Thank you.

ADV SIBEKO: I believe the document is going to be copied, as, as we proceed. I, I believe the document was provided by Advocate Mdumbe yesterday, pertaining to what [indistinct].

CHAIRPERSON: Thank you. Maybe, let us proceed. I think, we have  
10 dealt with the, with the question that I had.

ADV SIBEKO: Dr Young, you were about to deal with what I have referred to earlier, as your evidence given a couple of days ago, with regard to the acquisition, relating to Project Sitron one. I believe this is intended in your evidence, to draw a link between what you believe were  
15 the German [indistinct] in trying to get involved in the acquisition of the SDP's, when they were previously excluded.

DR YOUNG: That is very correct, including the allegation that is coming out of the German report that it was Tony Yengeni, as the Chairman of the Parliamentary Joint Standing Committee of Defence,  
20 who received a bribe of 2.5 million Deutsche Marks from this company, Thyssen and used the defence review in order to stop the first phase of Project Sitron.

ADV SIBEKO: Now, you also said that ...[intervene]

CHAIRPERSON: I am sorry, what is interesting on that point here. Dr  
25 Young, do you know how Mr Yengeni stopped the, in the, the

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acquisition? Because, I think, from the document that I have seen, he was a member of the joint, or, or the portfolio committee. In that capacity, how did he manage to, to stop the acquisition?

DR YOUNG: No. As the document said, yesterday, he, and I have  
5 said he was a member, he was a chairperson or chairman of both the  
Portfolio Committee and there are two, there are actually two  
committees. So, that is the Joint Standing Committee of Defence, as  
well as Chief Whip in the, in the ANC, the ruling party. As the document  
says yesterday and these are not my allegations, they just ones that I  
10 am repeating. Is that in that position, he had the power, for want of a  
better word, in order to advise the relevant parties that there is, the  
Corvette project should not be approved in May 1995. But, instead, that  
the defence review, which was a Parliamentary initiated action, should  
the action take place in advance. That effectively meant that the  
15 Corvette contract was stopped, where the Corvette acquisition process  
was stopped at that point.

CHAIRPERSON: From your knowledge of the process, because you  
were involved, how could he, in those three capacities, possibly stop the  
acquisition of the Corvette? What, it was his own decision? Or you are  
20 saying that, he just stood up, whenever he was saying, you stop this  
and then everybody else complies. Or if not, how could he possibly  
have done that? Because you seem to be suggesting that, you believe  
this is what happened.

DR YOUNG: Yes. I am, I am suggesting that, what happened. But, I  
25 am, I am doing that as, with specific reference to the document that we

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traversed at, at great length yesterday. That document, and I will not try to find it right now. I certainly can, because I have got a digital search capability, that we wasted, sorry, we used a lot of time yesterday. But, that document, it actually says and I am working from memory now, that

5 Yengeni actually told Hoenings, who wrote the, the agreement that he was responsible for stopping the, the Corvette contract. It is not, this is not, well, it is my evidence. But, it is based upon the [indistinct] where we call it the secondary evidence, to which, to which I am referring.

CHAIRPERSON: I will tell you. I am raising these difficulties, because

10 it clearly shows you, what difficulties we are going to have, if at all, you are going testify about other documents. Once you are trying, and try and find more information and say I cannot give you more information. It is what the document says. Well, just, up to now, up to now, you have made this allegation. I cannot simply, I cannot imagine how Mr Yengeni

15 could possibly, singlehandedly have told everybody and said that, let us stop this acquisition process and start all over again. This is what I am trying to find out from you, in your own mind, how could he have possibly have done that?

DR YOUNG: Okay. In my own mind. We are still going to come to

20 that, in, actually, I think, almost the next document. [Indistinct] there are two relevant document, which refer to the Germans coming to this country and having meetings with, with Armscor and the Chief of Staff Plans, who is effectively the Director of Naval acquisition. It actually says that they were now going to work the political route and were not

25 prepared to divulge their political contacts. But, my information was that

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their first port of call, after Armscor and the Navy, was indeed the Chairperson of the Joint Standing Committee of Defence. That is the first, that is in my view. The documents that come up, my whole complex theory, unfortunately there is complex, but it does not say it is the invalid theory. It certainly addresses that. That is the reason why, people trying to marshal all of these bits of information, including what is in the report, what is coming in, in these next documents, the German bribery agreement with, with Tony Yengeni, all point to the same thing. They, they all are cogent, maybe not necessarily valid, but cogent reason to point that the Sitron phase one was stopped. It was not only the defence review that stopped it. Sitron round two started in 1997, a couple of years later. From not being involved at all, sorry, not being involved in the short list of round one, they actually won the contract. I think that that is the first point. Another point is, again, it is a little bit sensitive for me now. But, the whole issue of me addressing issues of corruption, irregularity, if I, if I cannot formulate my own view, from the documents that I have, and which I am trying to share with the Commission, then I might as well go home. Sorry, I might as well go home right now, because I do not really have that much to say, that, in terms of stuff, which I, which I have been involved in the, in the thick of things and written or received documents. So, I thought that we actually went past this yesterday, that I am using documents. In fact, I have not re-crafted my evidence statement, to deal with that. I am trying to work through it, basically online, on the fly. But, if, if I have to do that, then it certainly is a point that I, an option that I presented to my evidence

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leaders yesterday. Is either I completely withdraw from this Commission right now, or if I have to re-craft my evidence, in terms of my witness statement and the documents, to which I refer, then I need to go home, for three to six weeks, to re-craft my evidence. I am putting that on the table right now. If I, if I have to, if I am still wanted at this Commission, but I am not allowed to, to address my, the, my evidence in the way that I have been doing for two years, over a, an effort of 2 000 man hours, then I have to add more effort. But, I cannot do it on the fly, upon my now. I certainly could not have done it, in between half past four, five, yesterday afternoon and I was here at eight o'clock this morning.

CHAIRPERSON: Dr Young, if you are going to testify here, I think, I am entitled to ask questions, if I need clarification. By doing your clarification, you make a point, and I need clarification, I am going to ask you questions. I am sure, you do not expect us to sit here and allow you to rattle through, whatever you want to rattle through, without us asking questions. I am going to keep on asking you question, where I think, I need clarification.

DR YOUNG: Yes, indeed. And I also have the right to respond.

CHAIRPERSON: Thank you. You have the right to respond. But, I do not think you have a right to keep on threatening us that you will leave. I do not think that is the right way of dealing with things. If I ask you a question, answer the question if you can. If you cannot answer the question, tell me that you cannot answer the question. But, please, do not threaten us and keep on saying that you will walk out, if you want to walk out. Please do not do that. Advocate Sibeko?



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ADV SIBEKO: Thank you, Chair. You, you were in the process of dealing with issues, arising from the acquisition, with regard to Project Sitron one and the conduct of the Germans in how they tried to get back into the race, that, from which they happened to be excluded. As I recall, you were doing this in, in relation to a document, you referred to, in, in your files as JEGK 15 Memo 1995/01/18, which is our RMY 56, which is at page 1196 of our bundles. That discussion is taken up at, as from paragraph 285. Do you see that? Or you would like to take it from 281 and put it in context?

10 DR YOUNG: Yes. I am going to try and be brief. But, I am, I am now dealing with my evidence in a completely different way and this is my first test. So, I am trying to align, align myself with the new dispensation and not only to refer to documents that I have tendered as necessary. In this particular instance, my witness statement does address most of it. But, in the, okay, for the, for the context, for the introduction of the context, there is, as I have said in my paragraph 282, the, for whatever reasons, which I do, which could be read in my document, my witness statement, the Minister of Defence determined that both Spain and the, the UK. That Bazan of Spain and Yarrows in the UK should make the final short list of the two and exclude Germany. If I may also point out, it is important, I doubt that that was a, a regular Modac acquisition process. Nevertheless, so as I have said in 285, the Germans were not taking this, lying down and consequently requested a meeting with the Chief of SA Navy and the Chief of Naval Staff Plans, Rear Admiral Howe, who became Director of Naval Acquisition. That is what he was,

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at that stage. The meeting was held on the 18<sup>th</sup> of January 1995, with the group, representing the GFC and the CNS, as well as two Armscor representatives, responsible for the acquisition. That is Erich Esterhuyse and Byrall Smith, both who have been witnesses before this

5 Commission, before, before me. The document refers to a separate meeting with the managing director of Armscor at the time, being Tielman De Waal. I have, hopefully correctly, because I cut and paste this and I did not even dictate it with my dragon, naturally speaking. So, hopefully I have got the, the, everything correct, or so I see that I have

10 not used inverted commas. But, Admiral Howe provided a written recordal of this meeting, as follows. I also do not want to be accused of cherry picking. It is certainly one of the reasons why I was carrying on, on the side of more of [indistinct] than less. But, where my, my mind, my eyes tell me that I need not address something, then I am going to

15 be leaving it out. I am not trying to cherry pick. I am just trying to do what, what the Commission's order was, yesterday. Anyway, what is important is that the paragraph 3 is says:

*"The Germans are obviously upset that they are not in, in the final two and they have been told by Mr De Waal that they may submit an*

20 *unsolicited proposal."*

Paragraph 4 says:

*"The following was discussed and Mr Koopman did all of the talking from their side:*

*4.a The Germans had discussed the unsuccessful bid with Vice*

25 *President T Mbeki, during his visit to Germany. Mr Mbeki is reported to*

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*have said that there have been procedural problems/errors and no one should have been taken out at this stage. Both Mr Smith and myself gave the assurance that there had been no procedural errors at Armscor/Navy level.*

- 5 *4.b It was pointed out to us that the Spanish and British price escalations over the past 10 years have been much higher than the Germans. Mr Esterhuyse assured them that all these factors have been taken into account.”*

I am not going to try and analyse the import of that. I think it is  
10 important, but the relevant documents, as Advocate Sibeko says, I have referred to, at the end of that paragraph 4b.

ADV SIBEKO: Now, if you turn to page 2 of that document or at page 1197, it is signed by, or it appears to have been signed by CNS Plan Commander AH Howell. Do you see that?

- 15 DR YOUNG: That is also correct. It also seems to be, written, a handwritten, annotated by seen by, seen by Navy, with a date, whatever and there is a, also a handwritten note by Pop Sitron. I have, I only got this document. I only got this document not last week, the week before. So, it is pretty, pretty new for me. Maybe, I, no, I will try and read this. It  
20 says:

*“By Pop Sitron, project officer, Project Sitron.”*

It says:

- “I am informed, by other sources that Armscor has in fact, encouraged the Germans to submit an unsolicited proposal and that  
25 meeting, they all highly irregular and another indication of a different*

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*agenda to SAN."*

Okay. That I have not, but that, I think is a fairly important point. But, nevertheless, I think, it is also important to actually just refer right at the beginning of this document. It is an official Chief of Naval Staff memorandum. It is to the Chief of the Navy, the director of projects, I am not sure who that was and the project officer, Project Sitron. Indeed, the document that I have here is indicated as JEG and for the simple reason that this is a document that was provided to JEGK, who is Admiral Kamerman, who is sitting here today. The 15 refers to, it was the 15<sup>th</sup> document, addressed in his Section 28 interview with the Joint Investigation Team.

ADV SIBEKO: Now, subsequent to that, you deal with the offers that were received from Bazan and Yarrows, pursuant to the RFFO, in January 1995. Does anything turn on that?

15 DR YOUNG: I, I cannot think of anything that is particularly important right now.

ADV SIBEKO: You then proceed to say after these had been accepted by the Naval Board, the Germans were still not accepting defeat and they switched their strategy to the political arena. You mentioned your intention to deal with that. Carry on.

20 DR YOUNG: Yes, indeed. And that is coming up in the next document JEG 16, which was the 16<sup>th</sup> of the documents out of that Section 28, which means, that is where it comes from. Something that I have been requesting from the Commission for the last couple of years and it got to me, the week before last. That is why I am not fully familiar

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with the handwritten parts. But, if I may say, in the, in the context and this is not an analysis. It is just a fact. Where I did not, what I should have set out, the previous document ...[intervene]

ADV SIBEKO: The, the document you are referring to, in your  
5 statement JEG 16 is RMY 57, which is at page 1198 of the bundle.

DR YOUNG: That is correct, yes.

ADV SIBEKO: Yes. You mentioned something about this document?

DR YOUNG: Well, this particular document, the reference is to the person, doing all the talking. That is the German style, one person does  
10 all the talking and this particular person was Mr C Hoenings, who is indicated as being present. What I should have, should emphasize here, is in the previous one, there is a person doing all the talking, representing the Thyssen, or the GFC was Mr Jurgen Koopman. Those are two people, who are mentioned at great length, in the German  
15 investigation reports. What is important, it is relevant is that both these people are accused by the Germans of bribery and corruption. In terms of my own evidence, I suppose I could say the same, is that Mr C Hoenings is also the person, who wrote the German memorandum, I call the Teutonic memorandum. I think, it is fairly relevant to note that these  
20 are the people, who, who were representing the Germans, in order to get them back into the game. Back into the game, in my view, took, took the payment of bribes. Be that as it may, this particular document, as in front of me, I am not going to speak to the document. I will rather let the document speak to me. But, I will refer to it in my paragraphs 288 and  
25 onwards.

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ADV SIBEKO: In your paragraph 290, you actually quote, or make reference to, yes, it is quoted, quoted, what was set out in the document. Do you confirm that? What is quoted in your paragraph 290, appears on the document, which is entitled confirmatory notes of a meeting with the German Frigate Consortium, CNS plans office, Wednesday, 22 March 1995.

DR YOUNG: Yes. I hope my, my recordal is correct. But, I think, it is very important, especially, in the light of what the Chairman had asked me before. So, I will quote that:

*"The visit was made, to deliver three copies of the document, outlined in the German Frigate Consortium's offer for the Meko 100 L patrol Corvette for the South African Navy. The reason given was they felt that the SAN (the South African Navy) should have a copy of what had been given to South African politicians. They were not prepared to expand, as to what politicians."*

We continue at paragraph 2:

*"Mr Hoenings did all the talking. He was very open, as where the Germans stood, with respect to Project Sitron. They acknowledged the receipt of the note of the 23<sup>rd</sup> of December, taking them out of the running. However, they do not accept that they are out and are fighting at a political level. They are fighting on the grounds that their ship is better, as opposed to the other ships are no good. The asked for confirmation, whether their ship is acceptable to the South African Navy, as they did not want to win the political battle, only to find that the Navy were not happy with their ship. They were told that their ship had been*

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*found acceptable, but not where it ranked in the evaluation.”*

ADV SIBEKO: At the end of that document there is a signature on the end, what appears to be instructions for action. Can you see that? It seems to have been signed by AM Howell, CNS Plan Commander, I think.

DR YOUNG: Okay. I see what you mean now. I was looking for handwritten stuff. No. I see, yes. For action project, project officer, Project Sitron, indeed, that is correct.

ADV SIBEKO: Now, without seeking to analyse that document or perhaps we should proceed to what you then say at the end of the discussion, with regard to that document that final approval of this acquisition was not obtained. After the evaluation process had been finalised. Do you care to comment on that?

DR YOUNG: Well, certainly there had been a formal evaluation process and not in my words. Unfortunately, there are words from a document that I neither wrote, nor was sent. I still believe it is relevant, is that there was a not only an evaluation process, there was a very extensive acquisition process that was followed, which took Bazan of Spain to the number one position. My understanding of it, certainly, there are other documents that prove that is that a very high level team from Armscor, I think it included Erich Esterhuysen and Chief of Navy, Admiral Howe actually gave a presentation to the Cabinet to recommend approving the continuation of the project. He awarded the project to Spain and that did not actually happen.

ADV SIBEKO: We now know that the defence review started some

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time, around 1995, after the defence white paper. The evidence is, no further acquisitions were proceeded with, as a result of the two, of the process that was embarked to, by government, regarding the defence review. Do you care to comment? Or do you have anything to say other than accept that?

DR YOUNG: Yes. I accept that. I just wanted to, me to carry on, 293.

ADV SIBEKO: Yes. You may.

DR YOUNG: Okay. It is a, just one sentence:

*"It is my view sitting here, reading these documents that it was clear that the German approach, whether this be through the formal acquisition channels of Armscor and the SA Navy's Chief of Staff Plans or through the political route, were unsuccessful. A completely new approach was required."*

ADV SIBEKO: Now, having commented about this new approach that was required, after the Germans were unsuccessful with the Corvette acquisition programme, in the first round of Project Sitron, you make some references to Koopman and, of Thyssen as well as Mr Hoenings in your paragraph 294. Can you care to comment on that?

DR YOUNG: I think, the only, sorry, sorry, I think the only thing that we have not traversed recently is that Mr Koopman, not only was accused of corruption, involving this very point that we are talking about. He was actually incarcerated for four weeks. I said a couple of weeks. I read it is a, four weeks and I believe that he was eventually, actually found guilty of a reverse kickback, in the German's term embezzlement and actually paid a, a nominal, a nominal sanction, in terms of a fine.



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But, at least, there was some kind of a conviction, regarding German participants in this process, in Germany.

ADV SIBEKO: What, did that conviction have anything to do with Project, Project Sitron that you testified about?

5 DR YOUNG: Yes. It is a little bit complicated. But, it involved him receiving 500 000 Dollars back, from Tony Georgiadis. I think that might have, must have come out of the 22 million Dollars that we were discussing yesterday. But, from what I, where it was directly involved in this particular process, involving the Corvette acquisition.

10 ADV SIBEKO: That matter is also discussed in RMY 52 that we dealt with yesterday. Do you recall?

DR YOUNG: That is indeed correct.

ADV SIBEKO: Now, coming to paragraph 295, you draw certain conclusions arising out of all the documents that you have referred to,  
15 regarding the conduct of the Germans and the manner in which they sought to be brought back into the Corvette acquisition.

DR YOUNG: I am not sure how valid my conclusion or relevant my conclusions are. But, I will certainly traverse it, if I am asked specifically to do so.

20 CHAIRPERSON: We are just checking to ourselves, Advocate Sibeko. You can continue.

ADV SIBEKO: Okay. In paragraph 296, you, you make reference to the MLA that we have already have already traversed, earlier in the week. Do you recall that?

25 DR YOUNG: Indeed, yes, and it basically repeats the points that both

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I have made and the investigation reports were made. It specifically, no, I do not want to traverse this in great detail. But, it specifically mentions the parties, Thyssen and the GFC. It mentions the GFC and the consortium, having initially participated unsuccessfully. That, that is the point of this part of my evidence.

ADV SIBEKO: And then, in 297, you make certain observations, which are also based on the document we traversed quite extensively yesterday, RMY 52. Do you recall it?

DR YOUNG: Yes. I can see that in front of me.

10 ADV SIBEKO: Do you need to mention anything further, other than what you have stated there?

DR YOUNG: The only thing I just want to repeat for emphasis is the, the document, to which I referred, it specifically said that Yengeni told the signatory of that document that he is the person, who caused round one to be, to be halted.

ADV SIBEKO: That them ...[intervene]

DR YOUNG: Sorry, that is right in front of me. May I, may I read that into the record, at this juncture?

ADV SIBEKO: Certainly.

20 DR YOUNG: And the report continues:

*"Yengeni himself claimed in front of Hoenings that he had been responsible for the cancellation of the first tender in 1995. As Chairman of the Joint Standing Committee of Defence and Chief of the ANC, he could perform strong influence on decisions, relevant for GFC. Hoenings obviously gave information, in August to September 1995 that*

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*Yengeni had been named as a possible successor of Modise in the cause of an expected Cabinet reshuffle. This fact makes clear, why 10 days later the agreement was signed."*

These are not my words.

- 5 ADV SIBEKO: Now, going further to your paragraph 299, you refer to what we have already dealt with in RMY 56, that note that says that Deputy President Thabo Mbeki had visited Germany around in, in, as referred to in that memorandum. Do you confirm that?

DR YOUNG: That is correct, yes.

- 10 ADV SIBEKO: Anything else you need to add?

DR YOUNG: No. Only I, the only thing I can say at this point, it seems as though some of the stuff that I address has already been traversed. I will certainly look for all the opportunities of not regurgitating, which has already been, what has already been  
15 discussed.

ADV SIBEKO: You then, to proceed to the re-constitution of Project Sitron in 1997, with the same user requirements. Do you want to make a connection, between the re-constituted Project Sitron and Project Sitron phase one?

- 20 DR YOUNG: Yes. I just want to emphasize that it is the same user requirements base line, it does mean to say. That base line is actually the Naval staff requirement, NSR/80 version two and that certainly was my understanding. But, Admiral Schultz, who testified before the Commission, seemed to say the same thing. So, that user requirements  
25 base line remained the same, same. Certainly there were some, there

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were some changes. But, I have said, essentially similar technical base line. It is also a patrol Corvette, sure, the Meko 100 L from the 1995, might have been actually replaced by a Meko 200 AS. But, essentially, essentially, apart from some equipment on board, they, they are fairly similar. So, and any, of course, what I am trying, the point I am trying to make, this is not a new project with a new base line. It has got the same project name. I can tell you the DOD is very sensitive about project names and when projects change, they give them new names. So, this meant, this was effectively the same project, Project Sitron.

10 ADV SIBEKO: If you go to paragraph 301 of your statement, you mention there that:

*"Normally military equipment is selected according to the combined criteria of military performance, price, or military value."*

What, how does this impact on what happened subsequently?

15 DR YOUNG: Okay. It is by way of an introduction. I actually address the issue of scoring and the selection, based on the scoring, as well as the value systems, in, in fairly substantial detail. So, I do not want to traverse that right now. But, what I did want to, to make the point is that just as the, the Bazan frigate had been selected by the Navy, way back  
20 in 1989 or so, under Project Foreshore. Again, the Spanish frigate or patrol Corvette, whatever, was selected in the first round of Project Sitron. Now we are into the second round and here, I refer to the evaluation offer, the offer evaluation, done by the Joint Project Team, consisting of members from the SA Navy and Armscor and the DOD. As  
25 it says here, the, where the Spanish Bazan in 590b has the best military

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value as the most cost effective patrol Corvette offered, being excellent value for money.

ADV SIBEKO: And that quotation you pick up, pick out of the evaluation report, which is entitled international equipment offer  
5 evaluation Corvette military evaluation report, which is our RMY 58 document.

DR YOUNG: That is correct and it is 86 pages. I have got no intention of even looking for that quote right now, unless you, because I have not, I have not got a bookmark for it. But, so, as far as I remember  
10 that it is lifted straight out of that, that document.

ADV SIBEKO: Now, that document is dated 25 June 1998 and it appears to have been signed by PHJ De Waal. Is that correct?

DR YOUNG: No. That is not correct. That is just a, a, the person from, representing military intelligence, who declassified that document.  
15 But, for the purposes of this investigation, others then also provided to me.

ADV SIBEKO: Now, the paragraph that you have referred to, if I can ask you to turn to our page 1213, it appears I think, at the conclusions part, paragraph 43. Are you able to find that paragraph? It is paragraph  
20 34, yes.

DR YOUNG: Sorry, I thought if somebody was being, but my digital search found that straightaway. It is paragraph 34b. We could also see that the document was signed by JEG Kamerman, as Chairman of the Corvette military evaluation.

25 ADV SIBEKO: That, that is our page 1213 of the bundle.

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DR YOUNG: I do not know your, I do not know your numbers. So, I would, I would guess so. It sounds logical to me. Remember, just remember I also do not have a witness bundle in front of me. So, I do not even have the opportunity of checking it.

5 ADV SIBEKO: The, the page you have front of you, does it have numbers at the top right hand corner, which end with 843?

DR YOUNG: 0843, yes. I have got that, I have it in front of me.

ADV SIBEKO: That, that same page and perhaps, if you look at, under the discussion, relating to military value, under Roman one, is that the  
10 paragraph, you are referring to?

DR YOUNG: Yes. That is correct. It says:

*"Paragraph 34b military value, point one, the Spanish Bazan 590 B has the best military value, as the most cost effective patrol Corvette offered, being excellent value for money."*

15 ADV SIBEKO: Now, in paragraph 303, you, you refer to the GFC not having complied with the bidding requirements. This is a matter that you, you have earlier dealt with, in your evidence, in relation to paragraph 177. Is there anything else you need to deal with?

DR YOUNG: That is correct. What I, I, it probably is relevant to  
20 address right now. I do say that I am in, I am in possession of a copy of the legal opinion from Armscor. I have searched my, my, what I have here, which is actually, I should not be telling anybody. This is all sitting on my computer. But, I have got a lot of stuff in, okay, I cannot find that. So, I, I, maybe like to withdraw that I have a copy in my possession. I, I  
25 cannot find it. I have got genuinely, I do will not say how many, but a lot

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of documents. But, I will, what I can rely on, which is apparently, as we agreed, we as evidence, or evidence leaders and witness agreed that the JIT report is on the record, of this, these proceedings and that, basically, it says the same thing. I also have a document here, in front  
5 of me, being the draft report and that refers to it, in more or less the same words. But, what it is, what is interesting is at least the draft. It does have the footnoting and the relevant numbers of the documents, on which they relied, to make those conclusions, which the final does not. So, I have them in front of me. I can open them. They are, the one  
10 is on record. The one is RMY 111. I certainly do not want to waste time. But, I make that point, based upon, not the document I, of which I am in possession of a copy, but on the basis of what it said in those two investigation reports.

ADV SIBEKO: I, I believe the issue, regarding the opinion, provided by  
15 the legal department of Armscor is a matter that was clarified, during the course of your testimony, in relation to paragraph 177.

DR YOUNG: I think that is correct, yes.

ADV SIBEKO: You said, further on in your 304 and 305 something that has to do with GFC clearing hurdles of not complying with the bid  
20 requirements, as you have testified. Can you take us through that?

DR YOUNG: Okay. We have just covered the point of it not being recommended by the evaluation team, as having the highest military value. I think, military value consists of a combination of both best, best performance and best, obviously, lowest price. So, that was one of the  
25 legs of, well, maybe I need to say. It is traditional, when buying military

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equipment to use the criteria of best military value. That is traditional, being, it is like in the olden days. In the SDP's other criteria also were, were used. Very important, both the defence industrial participation figure, the national industrial anticipation figure and the financing index.

5 All of those make up an equation and I am going to be covering that. Hopefully, not in great mathematical detail, but just a summary of it, that one can follow my logic.

ADV SIBEKO: You made observations in paragraph 305, having referred to DIP's and NIP's that GFC, this was the submarine  
10 consortium, had offered 10 times the minimum of 10 per cent contract price as a NIP. How is this relevant to the issue of the Corvette?

DR YOUNG: It is relevant, because, as I have mentioned before, the Germans were hunting as a pack, called the German Strategic Alliance. It is my understanding is that, well, I will, it is not my understanding. It is  
15 a fact that GFC's national industrial participation was viewed more favourably, than the Spanish, national industrial participation. On of the reasons, I am advised is that the GFC's gigantic offer also made the GFC's offer more attractive, from a strategic point of view. That is, that is the import of that particular point. But, when we look at the, at the  
20 arithmetic, we will certainly see, if I am correct in what I have just said, the results of that, where, where, at GFC was very favourably dealt with in the, in this part of evaluation.

ADV SIBEKO: You conclude that, in paragraph 305, by saying:  
"DIP and NIP should have been evaluated separately, without any effect  
25 of the one on the other."



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DR YOUNG: Yes, indeed. My understanding and I certainly was part of the process, certainly not at this level, but, like, attended various conferences, run by Armscor on counter trade, which includes the NIP and DIP. We got lots, read the documents, which were provided to us.

5 We were involved in lots of, lots of different activities, that involved industrial participation, we will come to. So, I do have some personal knowledge of it. It is going back to 1998. It is quite a long time ago. So, I cannot say, neither my memory is perfect, nor even my understanding. But, what I am reading, most, a lot of what comes out, comes out as in the JIT report and of course, in far more detail, in the, the drafts reports, of which I was provided with several dozen different copies, the most important, which I have put on the record, in terms of what I, what I have just said. But, my understanding is, is that, and the JIT report also, also says that. It says independently, we, is that NIP and DIP originally should have been considered completely separately. But, what my understanding is, that there actually was some exchange of point scoring, between, or at least point scoring of, of NIP, with DIP. So that, basically the, the DIP was increased, because of what had been offered on NIP. Okay. Then, I think, what I have said, in terms of the arithmetic, the GFC's DIP score was upgraded from a score of five, instead one, on the basis of increased NIP commitment. The, this is coming straight out of the JIT report.

ADV SIBEKO: Now, the, the JIT report is already before the Commission and I think it is chapter seven thereof, that deals with the Corvette findings. Do you recall?

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DR YOUNG: Yes ...[intervene]

ADV SIBEKO: Is that ...[intervene]

DR YOUNG: Yes. That is correct, yes.

ADV SIBEKO: So, the, the findings that you refer to, in paragraph 37

5 and perhaps, starting in paragraph 306 and 307 of your statement, these are findings that have lifted from the JIT report. Is that correct?

DR YOUNG: That is correct, yes.

CHAIRPERSON: Advocate Sibeko, which paragraph of the JIT report are you referring to?

10 ADV SIBEKO: Chair, the general chapter in the JIT report, would be chapter seven. We, we have not prepared a specific annexure for referring to the document. But, if need be, we will make an excerpt of the relevant pages in chapter seven of the JIT report. I may, just for the purposes of the record, at this stage, state that chapter seven deals with

15 the selection of prime contractors Corvette in the public phase of the investigation. The findings, if, if one has regard to the, what is recorded in chapter seven, one would see that at 734, reference is made to industrial participation, 735 defence industrial participation value system, that is at, as from page 203 of the JIT report. That is chapter seven. It

20 goes on with various tables. At 7.3.5.4, at page 206 of that document, there is a discussion of the results of the forensic investigation and under a, it says:

*“Several calculation errors were found in this cause, allocated to certain bidders.”*

25 The differences in the calculations are set out below. There is a table

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that is set out, on page 206. On the next page, page 207, under paragraph c, reference is made to non-conformance to critical criteria.

The following page ...[intervene]

CHAIRPERSON: Thank you, Advocate Sibeko. I just wanted to know  
5 the, on the paragraph.

ADV SIBEKO: Yes.

CHAIRPERSON: Thank you.

ADV SIBEKO: Chapter seven, it is, in it is entirety deals with this and,  
and perhaps, just to come to the assistance of the Commission, the, the  
10 opinion that was provided by the Armscor legal department, in respect of  
the non-conformance of some of the bidders is referred to, at paragraph,  
I think it is Roman four of paragraph c, that I have referred to. That  
appears at page 208 of the JIT report.

CHAIRPERSON: Thank you.

15 ADV SIBEKO: Dr Young, you have a reference to the findings of the  
JIT in your paragraph 307. Is there anything else that you need to add,  
with regard to the item?

DR YOUNG: No. Only that they are an introduction to my, my next  
point.

20 ADV SIBEKO: Yes. You can deal with your next point, at this stage.

DR YOUNG: Okay. Other than the issue of NIP and, and, well, I  
specifically want to put on the record, those points are very relevant to,  
to this whole scoring process. But, as I have said here, in my paragraph  
308:

25 *"However, despite that, a detailed forensic analysis of the scoring also*

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*shows that there was a changing in the scoring formula and certain errors made, in point allocations. The latter is either is genuine mistakes or done deliberately.”*

I do not know that. But, certainly, I think it is well known under perhaps  
5 309, that the original scoring formula that was approved, was supposed  
to be used, to assess the different bids, in terms of these, the different  
criteria that I mentioned earlier. It was, what I will refer to as the  
divisive, the dividing formula and that is the one underneath there. BV it  
stands for best value, equals the sum of military value, plus industrial  
10 participation points, divided by the financing index.

ADV SIBEKO: I, can I show you, Dr Young that we, the, the  
Commissioners and some of our colleagues got a lecture from Mr  
Esterhuyse, regarding the best value formula that was formulated, for  
purposes of conducting these evaluations. I, I suppose you have read  
15 the transcript of his evidence and his witness statement. Is there  
anything you need to add, over and above, what he lectured to us?

DR YOUNG: No. I certainly know that he did so. He did say that the  
arithmetic seemed to be somewhat challenging. But, nevertheless, it is,  
it is, I think, how can one say, it is ad idem that there were the two  
20 formulae, one the dividing formula and secondly the additive formula. I  
think that that is common cause.

ADV SIBEKO: You are seeking to develop a, a thesis that would  
change in the formulae had an impact in the manner, in the outcome of  
the evaluation. Is that correct?

25 DR YOUNG: That is absolutely correct and my understanding is that

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Mr Esterhuysen did, did not deal with certainly the, the detail that I am about to deal. Look, you know, when I say the detail, I do not want to talk about the extent, but the nitty gritty, which hopefully, I will show that the German Frigate Consortium should not actually have won, based on, on the stipulated, the stipulated requirements.

ADV SIBEKO: You can proceed to do so.

DR YOUNG: Okay. As I have just said, the second formula, the one that was eventually used, was one, the, the additive formula, where the financing index is now added, rather than divided. My understanding is that this decision was made at a SOFCOM meeting. As I have said, in the next point, it was irregular to do so, because SOFCOM was not a decision making, it had no formal decision making powers. So, but I think, this also relates to Modac and MD 147. You know, who should, who should have made this decision, probably the AAC. But, nevertheless, that is an analysis I need, that is hallowed ground, I need to steer clear of it. But, my point is that, if one, the, the final formula that was used, to make the decision was the additive, was the additive one that, that is the one that advantaged the GFC, to the disadvantage of Bazan. Anyway, as I have said, and I have the spreadsheet of this, I, I know that it was, I think, the term you use, politely as exhaustive. Maybe it was exhausting, the, the mathematical or arithmetical analysis. So, I am going to try and clear, steer clear of that and just come up with my conclusions. I have a very complicated, complicated looking spreadsheet. It is not arithmetically complicated. I can certainly print that out and go through it with an overhead projector or whatever is

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required. But, this, this is the result of my analysis. May I, may I pause to have a break there?

ADV SIBEKO: What information did you use for your analysis?

DR YOUNG: Basically, I took all the, the relevant scores, straight out  
5 of the, the JIT report and maybe the JIT draft report and did a proper analysis of them. One can see the, there are two fundamentals here. One, the changing of the formula to the additive version and the other one is a down grading, what, what should have been a downgrading of the German Frigate Consortium's DIP score, which the Auditor General  
10 picked up in its forensic review of these scores and of course, reported it in his JIT report. But, of course, that was, you know, what, two years, two years too late to affect the decision. But, effectively, I have used scores that came out of the, the JIT report and in my own view, at least, they are, those sub-scores are at, are common cause.

15 ADV SIBEKO: So, your, your analysis would perhaps, and correct me if I am wrong, that it followed a singular process as that used, by the forensic investigators of the Auditor General.

DR YOUNG: Yes. It is actually a very simple approach. It is a step by step approach of, of arithmetically identifying particular scores and  
20 then entering them into the correct, the correct way, in a step by step approach to reach the final, the final score. That is exactly what I have done, yes.

ADV SIBEKO: What conclusions did you reach?

DR YOUNG: Okay. The first point under 312 is not that critical. But,  
25 if one used the original value system, the GFC's bid still came out

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ahead. However, the differential between it and Bazan was much smaller. I, I have the figures in front of me. The original Bazan score that was given in the evaluation process is 97.61, whereas, in fact, it should have been 99.17, which is very, very close. Then we go to the

5 next point, 313. In the NIP calculations, carried out by the team of the Department of Trade and Industry, the GFC had been given double the score of, of Bazan. It is 100, being the normalised maximum score, to Bazan's normalised score of 48. But, this is quite strange and this actually comes from the detail that I did not traverse in, you know, point

10 by point. It comes from the, the valuation of, of the NIP and specifically in terms of whether it was strategic or not and whether or not it should have been independently evaluated. But, strangely, arithmetically, as I said, this is despite the fact that the offers were almost identical in monetary value. So, on face value, they are almost identical. On face

15 value is how they should have been reviewed and not, that is quantitatively and not qualitatively. Those were the rules that pertained, at the time. For the record, the GFC's total NIP amount was 2.730 US Dollars, which is against Bazan's NIP offer of 2.722 billion, did say million, billion Dollars. That is a difference of just 0.3 per cent. Yet, if

20 you look at the scores, of 100 to 48, that is quite vast. There is no clear record or rational, important reason of why that should be. But, be that is it may, we will come to that point later. Anyway, we now come to DIP and as I say in 314, Bazan had however, presented a far superior DIP offer to the GFC, both qualitatively and quantitatively. I do not think I

25 need to address on here. I think, I did look at it, probably over the

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weekend and I, I confirm that it was far, far bigger. It was several times greater. Bazan, to its credit, and I am not punting for the, I am just talking about, to its advantage here, was the only bidder to provide a detailed business plan for its DIP offer, on the combat suite. It had

5 promised 29, 21.9 per cent direct DIP on the platform component, as well as an indirect DIP to the value of 406 million US Dollars. By contrast, the GFC offered only 11.5 per cent direct DIP on the platform and only 6 million Dollars indirect DIP. It also, as I am repeating myself, it also failed to meet some minimum requirement, criteria for the DIP

10 offer, which it should have been and led to its disqualification. We have covered that. On the other hand, Bazan was given the best score on its DIP value of 100 to the GFC's 81, which is quite high. Okay. And this is the main point that I am coming to. This, this is on where it turns. However, when the Auditor General's office, re-examined the DOD's DIP

15 calculations, it uncovered a number of errors. According to its revised figures, the GFC should only have received 71 points to Bazan's 100 points. Here I do refer to that finding in the JIT report, which is in paragraph 7.3.5.4 on page 206.

ADV SIBEKO: That, that would be contained in the chapter seven of

20 the JIT report. Is that correct?

DR YOUNG: That is correct, yes.

ADV SIBEKO: So, the information that you, you have been traversing in these paragraphs of your statement, is that information that was lifted from the JIT, as well, the JIT report?

25 DR YOUNG: Yes. The information, the raw, this raw information was



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lifted, but it is my own arithmetic analysis, yes. But, based on the original figures and then the, the correct figures that the Auditor General has, has indicated to be wrong and then correct.

5 ADV SIBEKO: At 317, you continue with the conclusion, regarding the, the, Bazan.

DR YOUNG: Okay. So, basically, what this means was that, with, with the GFC, having originally received 81 points, rather than 71, it meant that the total IP score, which is a, a combination of DIP and NIP, it would, what it really meant what, was that the Bazan's IP score should  
10 have been 86.51, rather than the lower amount of 81.63. Okay. So, if we got to the additive formula, under three, in my paragraph 3.8, if the correct DIP score was, had been used, Bazan would have received a normal, normalised best value score of 99.41 to the GFC's 100. While with the incorrect DIP score being used, Bazan would have received a  
15 normalised score of lower than that, 97.61, rather than GFC's 100.

ADV SIBEKO: I am, not sure, if my arithmetic is failing. It seems that, on, on both formulas, GFC comes out at 100, while there is movement in the Bazan score.

DR YOUNG: Yes, indeed. There is movement upwards to extremely  
20 close. But, my emphasis was on the very first phrase. It is using the additive formula. I am still coming to how it should have been addressed. My view, my evidence is, the use of the additive formula and I am pretty sure that that was the same as Esterhuyse's testimony and evidence that the use of the additive formula was actually unlawful.

25 ADV SIBEKO: Then you deal with the financing in 319.

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DR YOUNG: Yes. Okay. What is interesting, because I know that this issue of the change in formula was being address and seemed to be, or seemed to get extremely confused. I think, I am addressing this point partly, to, to add my two cents worth, arithmetic two cents worth, why there has been some confusion. Anyway, I am saying here, it is under the financing evaluation system score of one to five was given on each criteria, with one being the best and five being worst. According to the JIT report, in terms of the financing value system, the bidder with the lowest score was ranked first, i.e. as I said in brackets, the best. This was because the financing index formed denominator in the original form, as the divisive, the dividing formula. GEC Marine received the best score in this index then, DCM, then Bazan. According to the JIT report, the GFC's offer was the worst and it ranked fourth. That was very clear, in all, the other criteria, the, the valuations are the other way around, the higher your score, the better for you. But, of course, if you are using the dividing formula, it has to be the other way around. Or it does not make sense, if you are dividing it, the lower your figure, the, the higher the final results are going to be. So, that is an important point for the arithmetic. Of course, the other, there is another point and I think I do say that separately. Ja. Then at my 220, but clearly, when the scoring formula was changed to the additive version, the financing index had to be changed to a reciprocal version. It makes clear sense. Okay. I do have, I did university, three years of university maths, so maybe it is more obvious to me than it might be to others. But, if you are changing to the additive formula, you cannot use the original scores of one to five.

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Because it is not going to make sense, when it becomes, let us say, above the line. Because then, the person, who scored best, will have the worst, the worst above the line score. So, you have to, you have to do a reciprocal of the scores. The scores with one to five, when you

5 change them to above the line, you have to take the reciprocal of it and then normalise. Now, maybe, I am getting too complicated, but anyway. It is placed on for the record here. But, it would make no sense, whatsoever, unless you had to, unless you re-normalise, but you are really using the reciprocal version. May I carry on?

10 ADV SIBEKO: Yes. Carry on.

DR YOUNG: I think, I think I am coming, sorry. I think I am coming to the nub of this point is that, on their own, the miscalculations in the DIP score and the change of formula, did not change the GFC's number ranking. But, combined they certainly do. On the original formula, in

15 using the correct DIP score, Bazan comes out ahead of the GFC. It has a normalised score of 100 to the GFC's score of 98.2. The five [indistinct] these are the references to my spreadsheet, so if we have to go that, I can point to where they come from, using the divisive formula and 99.4, using, or to the GFC's 100, using the additive formula. So, I

20 think, if any, of course, nobody should take my say so for it. They, in my view, if people either need to believe me or not the arithmetic is quite simple, but even maybe, Esterhuyse is a, he has got a, he has got a Master's degree in mathematics. But, maybe he not independent enough and I would recommend, if I may do so, that if our figures are

25 not accepted, as they stand, there is an independent mathematical

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expert should actually look at this.

ADV SIBEKO: And your figures that you are referring to, you say they are contained in the spreadsheet that you are looking at.

DR YOUNG: I have a spreadsheet, yes, in front of me on this, no,  
5 sorry, not in front, sorry, it is on this computer.

ADV SIBEKO: You have not prepared copies of that spreadsheet?

DR YOUNG: No. I, I have not. For the reason is, first of all I did not want to belabour the proceedings by working through it. It is genuinely quite large. It would be impossible to print out, even on one. Maybe we  
10 can print it on A3 and that would still be quite small. Of course, the best way to go through it, would be on an overhead projector, thing, and then, and then print out that. But, I left that to, to address, with the view of getting a directive, or a view and a directive from the Commission on this point.

15 ADV SIBEKO: But after the analysis you make, or regarding the figures and, and based on analysis on the spreadsheet, you say that the errors in the DIP calculations, swung the Corvette contract away from Bazan.

DR YOUNG: Sorry, not to be argumentative, not quite. I said it is the  
20 combination of errors on the DIP. It was picked up later by the Auditor General and the irregular change in scoring. You need both of those and they are both valid contentions that I am making that swing it from the, the, Bazan, who should have won to the GFC.

ADV SIBEKO: So, it is the combination of both, not one or the other.

25 DR YOUNG: Indeed, that is correct.

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ADV SIBEKO: And you continue with that theme at your paragraph 323 of your statement.

DR YOUNG: Okay. I have just been addressing the, the formula and DIP. But, I addressed NIP before this point, where I talk about Bazan  
5 only being, getting 48 points to the GFC's for a NIP offer that was only 0.3 per cent different. If it had been evaluated, according to the rules and according to the, not, the actual, the actual figures of US Dollars, then, then the other, the other issues of DIP and changing of formula do not come into play. If we use, if we, if we took the actual amounts of NIP  
10 and we convert those, to normalised figures, then the Bazan wins far away, whether it is the wrong formula used, or whether it is the incorrect DIP used. Bazan had been correctly evaluated on its offered NIP and it should have won, in any, under any circumstances.

ADV SIBEKO: Chair, I see it is five past 11. Would this be a  
15 convenient time to adjourn?

CHAIRPERSON: Advocate Sibeko, maybe let us proceed and see how far we can go, maybe if, we might take the other tea adjournment at about 20 past 11.

ADV SIBEKO: What you set out at paragraph 323 of your statement  
20 also has a reference to the JIT report. Is there something that you pick up from there, as well?

DR YOUNG: If can find that, I, I cannot quite remember the relevance of that particular reference. If you want me to, I can go to it and analyse it, but it was really just a, a point here, to the, the place in the JIT report.

25 ADV SIBEKO: Well, there, there is a table in the JIT report that deals

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with the issue. But, what you see, it seems you seek to, the point you seek to make, is what you have just mentioned. That if the net figures, with regard to Bazan, having been evaluated properly, it would have won, regardless of what formula had been used.

5 DR YOUNG: I do not think that the JIT report says that in so many words. But, what they are saying is that the scorings and the values and the weightings were incorrectly done. I think that they are very, very much on the side of caution and not giving a very firm conclusion. But that is my conclusion, based on those, if I may say, preparatory,  
10 introductory conclusions, derived from, from the, the JIT and the investigating team.

ADV SIBEKO: You then summarise the, what, what appears to be conclusions in paragraph 324. You say on the basis of the facts that you set out there, these appear to have been relevant to the award of the  
15 contract to the GFC. Would you like to add anything to that?

DR YOUNG: Yes. I am, just also trying not to make a mistake. As I say, I am, I am terming this a summary. I do not want it to be viewed as a, as an analysis. But, it, as far as I am concerned, it is relevant. Anybody can stop me, if they, if it is considered as an analysis. But,  
20 what I am just recording is a summary of a fairly complex theme that we have just traversed and that is that the Bazan was the only bidder that complied with all of the minimum criteria, in respect of the technical DIP evaluation. Bazan obtained the highest military value and DIP scores. They obtained the highest percentage of DIP and NIP, in relation to the  
25 contract price. They offered the lowest price of the four bidders and the

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GFC offered the worst financing, which was a major point. I think, maybe why it is relevant, that I provide a summary. Because I am going to go into another theme there, of how Chippy Shaik, it seems, being paid by the, bribed by the Germans was able to circumvent all of this formality of, of scoring in order to make, to make the Germans win.

ADV SIBEKO: In your paragraph 325, you state that the GFC was nominated the preferred bidder, notwithstanding the summary that you have set out, in the previous paragraph, on the basis of its NIP offer. Would you care to elaborate on that?

10 DR YOUNG: No. I think, that that is a fair summary. I do not need to add anything further at this stage.

ADV SIBEKO: In your next paragraph, you seek to tie the nomination of GFC, as the preferred bidder, with what you referred to as the payment of bribes of 2.5 million Deutsche Mark, 22 million US Dollars and 3 million US Dollars, which has been referred to, by the report of the German Prosecuting Authorities.

DR YOUNG: That is correct, yes.

ADV SIBEKO: Anything you want to add, other than what is set out in those reports?

20 DR YOUNG: Certainly not what is set out in the report, but I think, what I am saying, under my paragraph 3 [indistinct] that 326 is important.

ADV SIBEKO: Yes. Would you care to elaborate on that?

DR YOUNG: Yes. Okay. From, from what I have traversed so far, in terms of all, all the relevant points of pricing and scoring and DIP and

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NIP and financing, if, if my figures are correct, then it will be clear that the GFC should not have won. So, they, they were appointed the contractor and it seems to be that they appointed the contractor based on recommendations, whether it was under Modac or whether it was  
5 under MD 147. So, somehow the errors or the manipulation of the figures, the mistakes or deliberate, deliberate errors which I refer to, escaped the formal process. So, somebody must, somebody must have done that. It is fairly clear to me that the person, who at least managed that, was Chippy Shaik, as Chief of Acquisitions. He had the relevant  
10 authority as Chief of Acquisitions and the relevant mandate to take these recommendations, whether it was to SOFCOM and the 147, or the AACB, or AASB and the AAC under Modac, I do not know. But, it seemed, it seemed to have been approved. So, something must have been done. I think, I have ventilated the, what, what was done, clear  
15 enough. The figures were manipulated. What I am saying is, here is, he had to earn his 3 million Dollars. Of course there were, he, he has said that himself. It was quite difficult to actually swing the selection from the Germans, oh, sorry, from the Spanish to the Germans. Because of the formal nature of the process and the, or at least on first  
20 prima face view, what should have been quantitative terms. So, there were a number of actions that were taken to make, to, in qualitative terms to affect the quantitative terms that allow the so-called scoring, to select, what should have been a different bidder.

ADV SIBEKO: You say just as much in your concluding paragraphs of  
25 the best section of your evidence at 327, 328, which is something that



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you have already traversed earlier in the week.

DR YOUNG: Yes. I can read it into the record again, or we can take it, as on the record.

ADV SIBEKO: It certainly is already on the record.

5 DR YOUNG: I will accept that.

ADV SIBEKO: And you say on the basis of what is then set out, in the concluding parts of this section that it is difficult not to conclude that the GFC payments of the bribe to the Chief of Acquisitions resulted in it, winning a R6.873 billion contract, in the SDP's. That is your conclusion  
10 on this section.

DR YOUNG: That, that is the conclusion, yes. Except maybe, I should have said it was GFC as part of ESAC, won the R6.873 billion. The GFC's part was not, but that was the contract and they effectively won the contract, together with its other partners, but that in trying to be  
15 accurate.

ADV SIBEKO: Before we proceed to your discussion on allegations of corruption, regarding the Corvette combat suite, is there anything else that you need to mention, just in concluding remarks regarding the corruption, or allegations of corruption in the Corvette platform?

20 DR YOUNG: No. I do not know what chance I get, at the, at the end, either to provide concluding remarks of my total evidence or even, whether, as a witness, without my own legal team to, to provide argument, which I see, is coming up in, in April. But, in my own view, regarding the bribery and corruption of the, of the Corvette platform, I  
25 have, hopefully, the, tied together all the relevant pointers. I know, I

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have, I use the word circumstantial, but the involvement of Yengeni, of Shaik, of round one, round two, the German meetings with the Chief of Naval Staff plans and Armscor, in Cape Town, the changing of the formula, the changing of the scores, all of that together are very, very  
5 cogent, in terms of argument, for me, to make such a conclusion.

ADV SIBEKO: Our next discussion would then focus on the Corvette combat suite.

DR YOUNG: I see that.

CHAIRPERSON: Advocate Sibeko, maybe, this might be the right time  
10 to take a tea adjournment.

ADV SIBEKO: As it please the court.

CHAIRPERSON: I see it is quarter past 11. Can we come back at 11:30? Thank you.

**(COMMISSION ADJOURNS)**

15 **(COMMISSION RESUMES)**

RICHARD MICHAEL MOBERLY YOUNG: (s.u.o.)

ADV SIBEKO: Dr we are now entering into the realm of allegations of corruption with regard to the acquisition of the combat suite. This is a sub system in which you were involved in. Is that correct?

20 DR YOUNG: That is correct, yes.

ADV SIBEKO: You have already indicated in your evidence that the nomination as ADS as the provider of the combat suite a matter that was preordained by the Navy, is that correct?

DR YOUNG: Well let us say it was officially done by the Department of  
25 Defence.

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ADV SIBEKO: You start off with a discussion from paragraph of 331 of your statement. Can you take us through that?

DR YOUNG: I just need to gather my own wits about me to ensure that I do not overplay the issue. As you have correctly said the inclusion of  
5 not so much ADS but Altech Defence Systems was the instigation of the Department of Defence in Armscor. Certainly it might have been started off as a DoD thing but it became a part of the official request for offer and the technical and tender or bidding baseline at that stage.

Also you know the references that are made elsewhere in evidence  
10 by other people is that this was just the JFC who decided to select ADS out of the blue and include them as their preferred nominated combat suite is actually nonsense. In fact there is other evidence which says that all of the at least the short listed, I would image why any of the long list of people will also not include ADS but least to my knowledge all of  
15 the short listed bidders included Altech Defence Systems including the GFC.

So in any case it was not of GFC own volition that they did that. In any case when they came back with their offer in respect of the not the RFI but the of which I have never seen their response to the RFI. I have  
20 seen very small parts of I think it was sometime in May, 11 May 1998 that specifically included Altech Defence Systems as its own preferred combat suite supplier.

ADV SIBEKO: As I recall your evidence earlier before the Commission it was the intention of perhaps the DoD and Armscor that the combat  
25 suite would be an indigenous sub system coming out of a development

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program that have been undertaken as I recall through Project Suvecs?

DR YOUNG: Yes not only Project Suvecs but more importantly Project Diodon and (I am talking extremely loudly to myself here all of a sudden) the 1993 phase of Project Sitron and then off course Project Suvecs following that. Not only that what is also important is that one of the important legs of the Sitron round phase 2 starting in 1997 was also going to be based on industrial participation which we had been talking about Dip/Nip and it fundamental pillar of the Dip for Sitron was the inclusion of the entire local combat suite as Nip.

10 I was important not only because that is what they wanted but in order to meet the very high value of 60% content simple arithmetic it had to include the local combat suite.

ADV SIBEKO: At paragraph 333 you refer to Altech Defence Systems as South Africa's main naval systems company. This is a matter that you have already testified about is that correct?

DR YOUNG: Yes that is correct, yes.

ADV SIBEKO: That the nomination was specifically at the end of that paragraph you say that it was specifically in terms of the SA Navy's combat suite requirement specification dictated around December 1998?

DR YOUNG: That is correct, yes.

COMMISSIONER MUSI: Can I just ask for clarity. In paragraph 330 you say that while you are big partner for the combat suite was forced upon them by the South African Government. In other words it was to provide a combat suite were forced upon the German Frigate

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Consortium by the South African Government. In paragraph 331 you seem to indicate that it was part of the RFO that the combat suite will be provided by the local suppliers. Is there not a contradiction between the two?

5 DR YOUNG: No I do not think so at all. What I have just said is all of the vessel bidding companies nominated or indicated ADS as their combat suite supplier and that was specifically with regard to the documents that were issued as part of the tender baseline. We did not traverse that but under 331 specifically in terms of the combat suite  
10 element costing and description as well as the formal RFO.

So addressing the point they were more or less forced to do so. Effectively they had not option. The other point is I have just traversed now is that there is no way that any of the bidders could have even got through the various formal rounds of the acquisition process unless they  
15 had included the Corvette combat suite as part of their bid and as part of the Dip. So I think that goes a long way to prove that it was forced upon them.

COMMISSIONER MUSI: Are you perhaps saying that on their own the GFC would not have or would have preferred to provide the combat  
20 suite. What do you mean?

DR YOUNG: Un-doubtfully, having been part of [indistinct] the fact I know that I have seen some documents somewhere. I cannot remember every single thing that I have traversed in the last 17 years. But they would have preferred to have gone with their own. If they had been  
25 completely open they would have probably chosen somebody else.

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Certainly as we have covered some detail before they themselves considered the local combat suite and even Altech's part in it as a risk. That is one thing. If they were completely open they would have done so. Also as I know from speaking to very high level people in the GFC, 5 Bhlom & Voss as well as even people in Celsius Tech. Is that Celsius Tech and possibly another Dutch based company in those days it was not owned by Thomson it is now a company are the Bhlom & Voss chosen or let us say traditionally chosen partners.

So I think that I am fairly safe what I am saying is that if it was 10 completely open they might have considered the ADS one but they would not necessary only selected that one as their chosen partner. If that answer your question.

COMMISSIONER MUSI: Thank you.

ADV SIBEKO: You have dealt with the issue with regard to your 15 paragraph 333 is that correct?

DR YOUNG: That is correct, yes.

ADV SIBEKO: Now you make a point in 334 I mean in relation also to what Commissioner Musi has put to you now to say that GFC's main 1998 offer included Altech Defence Systems as it combat suite supplier 20 and this was in terms of the RFO?

DR YOUNG: Yes that is correct and maybe I just need to re emphasise the point is that no contender at the RFI stage or at the RFO stage or any stage would have made it past a primary filtering criteria of the inclusion of the South African combat suite. More so than that is that we 25 even know. We have talked about the GFC's exclusion at an early stage

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according to the legal opinion of Armscor.

As far as I can remember that was because they had not properly considered the inclusion of the combat suite, local combat suite as part of it. What I can say is that nobody would have been in contention if they had not offered the ADS combat suite in line with the stipulations.

ADV SIBEKO: You mentioned further that during the RFO stage Thomson-CSF was not a role player in the acquisition of the combat suite. This is something that you have dealt with earlier in your evidence?

DR YOUNG: No, not to be argumentative. There were nowhere in the official or open scheme of things according to MODAC or even 147 but as I have said before from much earlier, from even 1994 they were in the background waiting for the opportunity. So they certainly were there it is just that they were not a South African company until they started purchasing ADS they had no official role whatsoever.

ADV SIBEKO: So without them being a South African company they would not have been able to participate in the combat suite acquisition program?

DR YOUNG: Certainly not in terms of denomination of the contractors and the system integrator which was Altech Defence Systems and certainly not in respect of the combat suite and its indigenous South African sub systems. Of course they would have been in contention for the foreign procured items. So I do not want to repute the issue with one thing. They would not have been in contention for the combat suite as a whole.

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ADV SIBEKO: You say in support of this you rely on the transcript of the proceedings in the Schabir Shaik trial where an official from Thomson-CSF seems to except this as a fact. That is your [indistinct] and our RMY59 which is at page 1285 of the bundle?

5 DR YOUNG: Yes I have just opened up that page and just to show or we did not intend to belabour this proceedings with multi page documents. I think that this is a 7800 page document which I personally concatenate[?] and at the request of the Commission gave the entire thing to at least to the research officials. I have just extracted in this  
10 particular instances just four pages.

I think in two other instance of the page or two at a time. But I would have also considered that this is a court quality at least records of a public open criminal trial in the country.

ADV SIBEKO: If you can just first remind us. Who is PFMR Moynot

15 DR YOUNG: He is Pierre Moynot a Frenchman who I originally said in this particular instance he was no longer ADS's CEO when he gave the evidence. He had retired by then. He was representing ADS as its own defence witness having been ADS's CEO previously at the relevant time.

20 ADV SIBEKO: The answers that you have referred to them what do they signify?

DR YOUNG: What I intend to show here is in a similar analogist manner as the Germans won the contract through political endeavours outside of MODAC basically the French did very much the same. This is  
25 on the record. I am now going to introduce the way that Thomson-CSF



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basically endeared themselves to the South African decision makers far proceeding at least the formal stages of the acquisition process which ended up in effectively them owing 100% of the shares of Altech Defence Systems which they bought from Altech.

5 Then giving (20% of it to FBS) and effective 20% of them to Nkobi Holdings which is the subject of this particular trial, the Schabir Shaik trial as you mentioned. Who was not only the owner of Nkobi Investments Company the Nkobi Group but also a director of both the South African version of Thomson-CSF as well as ADS.

10 ADV SIBEKO: Now the passage you quote in your paragraph 335 is that the one that appears as from line 10 to 14 of RMY59 on page 1285?

DR YOUNG: I think so yes.

ADV SIBEKO: That quotation just makes [indistinct] do you want to add  
15 anything further?

DR YOUNG: Yes, I think that it is actually very important to actually read the words into the record. Anyway I will not take too long. Just to ... so I do not get accused of hiding people's identities. I have referred to the person here as Prosecutor that is Advocate Billy Downer Sc who  
20 was the chief prosecutor in the Schabir Shaik trial. Anyway he starts of questioning.

*"Now in your information contact with high ranking personalities that this will give you the edge as it were at a high political level? Moynot says: That is what we hoped. Downer confirms in a question, yes that is what  
25 you hoped? Moynot says: Yes, that is what we are going for.*

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I am going to be careful trying to analyse the evidence. I think that it is self evident that this means working the political route and not the MODAC route.

ADV SIBEKO: You say thereafter that in the mean time Thomson-CSF was consolidating its position to be at the business which is the subject matter that has been set out. In that record [indistinct] defence system?

DR YOUNG: That is indeed correct, I have mentioned the mechanisms here unless I ask to traverse it in detail I think my paragraph 366 is self-explanatory.

10 ADV SIBEKO: Your paragraph 337 expresses a belief with regard to where Thomson-CSF comes into the bribery picture. Perhaps that is the one that is referred to in the report also by the German Prosecuting Authority or Investigating Authorities.

DR YOUNG: To be accurate the German Investigation Report primarily refers to bribes in respect of winning the contract and specifically the platform. Although they mention Chippy Shaik I do not think that also Tony Ngeni I do not think that the investigating report directly links Chippy Shaik to what my contention of bribery in the combat suite part of it.

20 ADV SIBEKO: So as your statement goes or unfolds in subsequent paragraphs from 338 going forward you mention that there is ample circumstantial evidence to show that Thomson-CSF bribed functionaries in the South African Government to a similar degree as the GFC with regard to the Corvette. Do you care to elaborate on that?

25 DR YOUNG: Yes I think that it is important to say from my

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circumstantial evidence. There is no onus on me to prove anything beyond a reasonable doubt or even on the balance of probabilities. I tried to back up what I say with averments which are not completely bold and I also provide some kind of circumstances or environment in which this happened to show that there are cogent reasons for coming to a conclusion that there was bribery involved in the Corvette combat suite as well.

ADV SIBEKO: You start by referring to a plausibility test regarding the payment by Thomson-CSF of bribes through Schabir Shaik?

10 DR YOUNG: Yes I think that, that is a court even to the SCA that a bribe was effected at least by Schabir Shaik certainly the money for that would be on any doubt originated from Thomson-CSF. Unfortunately Thomson-CSF and the recipient beneficiary of the bribe were released from those particular that criminal trial. That is still a mood point legally speaking.

15 It is beyond any doubt whatsoever that some bribe at all was paid to the Deputy President of the Country. What I will, relatively speaking it is not in the same degree of USD22 million or even USD3 million.

20 That is beyond any doubt whatsoever. Certainly it is an introduction in terms of my own evidence of why, at least one of the legs of the cogent reasons of why a bribe was indeed paid.

ADV SIBEKO: In support of your assertion as you indicate that you rely on document RMY60 it is your DT10599. RMY60 starts at page 1289 and continues to pages 1292 that would be the English translation of the typed version of 1289?

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DR YOUNG: That is correct. It is a six page document. Without traversing all of that I just need to quickly scan it in my brain to see what is relevant to repeat to this particular Commission Inquiry.

ADV SIBEKO: Perhaps as to assist you to what have been quoted in  
5 your statement appears at page 1292 it is page 4 of yours. Perhaps you can start by identifying what that document is for the record and how you obtained that document?

DR YOUNG: The document was traversed at great length in the court proceedings in Durban. I think it is common cause, maybe common  
10 cause is not the right word. It is a genuine record of those court proceedings. Without going through the detail and trying to analyse the contents basically it is what I referred too previously in my evidence today as the analogue of the twotonic Memorandum or the Executive Statement which I gave yesterday. This indeed was found by the judge  
15 specifically refers too and Executive Statement not to hide the identity of the judge either, the judge is Hillary Squires, J where I got these documents it straight out of the court record from the clerk of the court in Durban.

It is well known that the person who wrote this document is somebody  
20 called Allan Detart, it is AT written right at the top to his boss (his handwriting is worse than mine) it is Jan De Jongeran and copied and CR in French I believe means CR to the Chair Chief Executive Officer at least to Thomson International and the Vice President of head group Thomson Group of SA . That is one reason why it is an executive  
25 statement.

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We know that it was sent by fax and it was typed by his secretary and her name is Sue de Leeck and she testified as to the veracity of it because she typed the document from Allan Detart, handwritten note to her and she was a French Speaking person and she typed the next or  
5 the document, my page 3 as (fax kript) an encrypted fax as I said as the ...[intervenes].

CHAIRPERSON: With the greatest of respect. I am not sure how this is going to help this. Whatever the views of Dr Young about this case are totally irrelevant. I am not sure whether this is going to help us in any  
10 way for him to decide the content of that case. Can we get to the next point please.

ADV SIBEKO: That is just one aspect that the witness would like to refer to as making this document relevant to Project Sitron which appears on the document. Perhaps that is what we need to get to as  
15 this point?

DR YOUNG: Yes, if I may say so I was asked to identify the document and its authenticity which is exactly what I was trying to do. I was neither trying to go into its detailed content nor analyse just to justify my inclusion of it in my own witness statement and I will do that. It is as my  
20 evidence leader correctly says it is particularly important in the context of this Commission Inquiry and my evidence regarding not the Corvette combat suite. That is that the bribery agreement executive statement reminds the people who were going to authorise the payment of the money that he says:

25 *'May I remind you that the two main objectives of the 'effort' requested*

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*of Thomson are protection of Thomson-CSF during the current investigations (Sitron) specifically with regards at least the Corvette project. The permanent support of JZ for this project in the amount of R500 000 per year."*

5       What I do not have right in front of me and it is probably where I wanted to refer to the document and it is relevant it is only one small thing and I might come to it later on my own. The important part of it where we know that it was, well the relevance is oh yes. I hoped to the amount of 500 KZAR that means R500 000 (why it is relevant to ADS  
10 and combat suite) is until the first payment of dividends by ADS.

I will not analyse that now unless I am requested that, that has got a specific significance.

ADV SIBEKO: That sentence in bracket appear at page 1294 of the documents. You did mention in your paragraph 340 that what has never  
15 properly been ventilated I am not saying where and in which forum. You say the need for Thomson-CSF for the protection it refers to in the document that you have just testified about. Why do you say that?

DR YOUNG: Just give me a second just to catch up with my own PDF document. Sorry I am just closing down the lot before my machine  
20 hangs up. That is the last thing we need. Sorry that it the last thing that I need.

Where I say here what has never been ventilated properly anywhere is why Thomson says we need leadership protection. Of course that is not analysis which it is absolute relevance. Of course if they just  
25 needed protection in the investigation but why did they need protection

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from investigation. That is the point that I am trying to come to here. There is oral evidence accepted in the court and that is what I paraphrase. Hopefully repeat here in my paragraph 340 with the relevant document. It is just one particular page just to show you that it

5 is the genuine article out of 7800 pages.

ADV SIBEKO: That is at RMY61 it is on page 1235. Perhaps later you will be refereeing to page 1296 which is RMY62 where the discussion that runs up to paragraph 342 seems to be based?

DR YOUNG: I think that, that is correct yes.

10 ADV SIBEKO: I think the passage I am looking for start as line 9 of that transcript on that page?

DR YOUNG: I am not going to refer to the transcript unless I need to. I am looking at my paragraph 340.

ADV SIBEKO: Ok.

15 DR YOUNG: I am trying to follow the directions from the order from yesterday. Quoting the document which is hopefully correct I says that:

*"While he was"*

This is what I need to say. The person that who is saying this is a person called Bianca Singh who was Schabir Shaik's PA, personal

20 assistant. This was said in a meeting where they call the damage control meeting in Mauritius with her and Schabir Shaik and the parties that are just relevant.. which I have just mentioned or at least some of them in the encrypted fax and that was Allan Detart and Jan de Jongeran. All relevant to this particular evidence that I am giving here.

25 What she says and she was taking notes. She was taking

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confirmatory notes at the meeting. She says:

“While he was doing that Mr Shaik said that if the Heath Investigating Unit continues we are going to be under a amount of pressure and that if a certain ANC member he did mention his name and I cannot recall had  
5 to open his mouth then we would be in real trouble.”

What I am trying to say is... first of all Bianca Singh evidence gets accepted as far as I remember in its entirety by Squires, J and including this point but it is an indicator of why Allan Detart had to write he encrypted fax the Executive Statement to bribe somebody to get  
10 protection. They would not have needed protection unless they were very worried about the Project Sitron investigations. That is the point that I am trying to make here.

ADV SIBEKO: Anything else on the next page of the transcript on the evidence of Ms Singh?

15 DR YOUNG: No all that I can do is apologise for what looks like a repetition.

ADV SIBEKO: All right. That basically brings us to the conclusion of your discussion of these issues of allegations of corruption. Does the issue of the BAeSEMA have anything to do with [indistinct].

20 DR YOUNG: Sorry I have not quite finished this point. Not being able to refer to the documents does get me slightly desynchronised with you. What is relevant here is a slightly different issues. This is where Chippy Shaik does indeed come into the picture and it also involves irregularity basically the side stepping of MODAC or even 147. It involves his illicit  
25 interaction with a certainly his brother and his brother's benefactor. It



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also leads into the BAeSEMA issue.

I think that it is relevant and it is certainly part of or unfortunate people might consider it a complex theory but if I have to put circumstances together for circumstantial evidence this is one of the sectors of that.

5 That is also on the record of court is that Chippy Shaik was involved in a telephone call. The relevant time is late 1998 which exactly when the BAeSEMA ASN thing was unfolding. Also he as obviously he was Chief of Acquisitions at the time.

Anyway he phoned his brother and said that:

10 *"We are under pressure and we really need your Zuma's help to land this deal."*

That is the Corvette combat suite deal. I think that, that is a relevant pointer to the evidence that I am giving now. As I say finally indeed then Schabir Shaik then used his position with an access to Zuma to  
15 telephone him and transfer this message from Chippy Shaik to Zuma.

ADV SIBEKO: You are saying that this is relevant to the BAeSEMA. Is that the issue that you discuss subsequent to that?

DR YOUNG: Yes, would you like me to tell you why or do you want me just to proceed with evidence?

20 ADV SIBEKO: You can proceed with the evidence and demonstrate how that issue is relevant to what you have just testified about.

DR YOUNG: By way of introduction. BAeSEMA they are a 50/50 subsidiary, BAeSEMA is a subsidiary of British Aerospace. They had a 50/50 joint venture with another French company called Senna and  
25 BAeSEMA at that stage was the Naval at least Naval combat systems

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division entity for British Aerospace. It is the defence company who do lots of things other than just aircraft.

They had been, just as the French had been eyeing the Navy's intentions of developing both a frigate and Corvette as well as its  
5 combat suite for many many years. I know that they were actually in the country for 1997 and I will explain that if and when necessary coming up. Just as Thomson had been looking to get involved British Aerospace were also interested.

Unlike getting involved by actually buying the equity of ADS they  
10 wanted to compete on a competitive footing and quite a lot of this evidence that I am going to give is about that particular aspect. The competitive bid that was being done in the name of the entity called Advanced Systems Management which was a venture between BAeSEMA another company called Tellymat and ourselves. We are also  
15 going to address this matter to some degree in my response to Admiral Kamerman's evidence where I see he addresses this at substantial length. Be that as it may I had an involvement with ASM and of course with BAeSEMA so the evidence that I am going to give is from own personal involvement. Although there might be some documents which  
20 I never ordered myself I was involved in the process to I am talking from that perspective.

ADV SIBEKO: You mentioned that BAeSEMA wanted to submit a bid for the combat suite on a competitive with that of Altech Defence Systems what became of the intention to submit that bid?

25 DR YOUNG: I will certainly come to that in a bit more detail. I have to

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actually get there and it is not going to take all that long. To convey the import of why things did not happen is important to traverse that and certainly the previous point regarding Chippy Shaik's involvement at the relevant time in late December I believe is relevant, certainly  
5 circumstantially.

As I have said here in my paragraph 345 after genuinely after not only years of interest but several months and a couple of years of very very focused interest. I will say this. I am going to say this now and also later. This interest certainly was not precipitated by me. A tiny little tip of a  
10 tale like me of a 20 man company does not wag the tail of a 300 000 man company like British Aerospace.

Anyway why we were involved as I have traversed so far is Corvette combat suite and its baseline at least its technical baseline revolved. Everything is in terms of its architecture and connectivity revolved  
15 around the information that is consistent. That is why I went through that whole thing with my evidence in some detail. That is the heart, not the heart of the system it is the nervous system. So if BAE were not going to be offering a conformant bid then it would [indistinct] then it better use C-Squid I-Squid, IMS and that is why they wanted us  
20 involved.

This was not my idea, they approached me and say would we be interested in supplying out IMS to them if they made an offer. Things developed in such a way that they wanted a simple bid of their own with us just a sub system. They wanted out [indistinct] probably in the risk  
25 that we actually were. We were committed our IMS to them. That is the

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nut of this particular aspect of my evidence.

They wanted to beat or to bid competitively at this point in time. After much effort and I will come to that. The other theme of my response to Admiral Kamerman's evidence.. for this particular point is suffices to say  
5 that eventually their effort succeeded and on 22 December 1998 the German Frigate Consortium who had been selected as the preferred supplier for the Corvettes issued a competitive, well let us say a request for commercial quotation on a competitive basis to ADS. So this was all very above board and it was all in line as I will prove later with what  
10 Armscor and even the Navy and of course their selected Corvette supplier knew very well at that stage.

Moving on here ...[intervenes].

ADV SIBEKO: Just before you move on here. You say the on 22 December 1998 GFC issued or requested a commercial offer is it ADS  
15 or ASM?

DR YOUNG: No it is ASM. Advanced Systems Management which was intended to become a registered company but at this particular stage it was just a informal say joint venture between British Aerospace and BAeSEMA in particular Telemat and C-Squid I-Squid Systems

20 ADV SIBEKO: That request for best and final documentation. That is your document EDV1998 12/22 which is our RMY63 on page 1297?

DR YOUNG: That is correct yes.

ADV SIBEKO: Is that anything that turns on that document perhaps?

DR YOUNG: Well there is certain things that turn in it but I do not want  
25 to elaborate, over elaborate but it is on the record as formally at least it

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was the GFC who initiated the acquisition procedure for an alternative combat suite. As I say officially in terms of this document.

ADV SIBEKO: Then proceed with your evidence. Where you were you stated that EAE, I think that BAeSEMA that having trying to get into SA Navy. I think that is an issue that you traversed already?

DR YOUNG: Yes I specifically used the term British Aerospace because they were at a much higher level than just BAeSEMA. Who are doing the walking and the talking and the running to try and get that and that is fairly important this came at a very high level including the interactions with the Navy and the Arsmcor which I put on record would done at this very high level.

ADV SIBEKO: Can you state in your paragraph 348 that British Aerospace had been vigorously making or using the opportunity to make an offer pursuant to the invitation that you just referred too. In respect of that statement you rely on document which is our RMY64 on page 1320 and your EDSASL. 1999/01/14?

DR YOUNG: No I do not seek to rely on that document for the point that you have mentioned. I seek to rely on that document for their extrication from both their interest and their bid and in fact their presence in the country.

ADV SIBEKO: How did that extrication came about?

DR YOUNG: If I may. I just want to say that it is important before I get to extrication, Is that not only have I mentioned that the say the *bona fides* or the relevant validity of the BAE and ASM interest was true. Despite them being a nominated South African contract remember we are talking

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about the time now of December 1998. I think that I have certainly mentioned it but Thomson had bought the 50% plus 1 share that is the document that I referred to was on 28 April 1998 and that became effective in May 1998.

5        So Thomson had made its move long before six months before this. Of course right from that stage we have it on the record, at least in the minutes of meeting, technical committee meetings, design reviews that Thomson's intention regarding the combat suite would be made known as replacing the Altech Defence Systems own indigenous sub systems  
10       with the French one. So it was quite reasonable *bona fide* that British Aerospace on the same basis could also offer its own combat management system. That was the primary thing. It has developed a combat management systems. I think it is called SSC21 or something for frigates overseas and it wanted to offer that as an alternative or as a  
15       competitive alternative to the French ones.

      This was all quite *bona fide* from every single aspect that you can think off. I think we will get to that in my later evidence. BAE were particularly keen to get this as all the whole defence industry in those days fairly suppressant internationally so companies were extremely  
20       keen to get contracts. I think that is on record even involving the Bhlom & Voss they were very keen to get to win this contract.

      BAE considered and I have seen it in document and I have heard it with my own ears at various meetings. They considered this what they call a must win opportunity. That means that they put all effort all  
25       reasonable effort of course or reasonable expenditure of their bid

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proposal. So much so I know I was there in Cape Town in mobile home type thing at the back at Telemat's premises where I only went there for the odd meetings. I did not work there. I was not permanently working there. They had from what I can remember as many as a dozen Celsius  
5 Tech engineers, senior system engineers working on this. I know all of them but many of them by name.

That was a very very expensive exercise having those senior people for that length of time and all of their efforts were extensive were in my own view as an expert were certainly sufficient to make a very  
10 competitive winning bid at least, winning competitive bid. In any case despite all of that and minutes of meetings and committing themselves to this whole effort. They reserved their position until a meeting of British Aerospace and not BAeSEMA. I need to say maybe. At this stage BAeSEMA had disappeared and it [indistinct] he Senna part of the  
15 French party been sold off and the Naval part was now called British Aerospace or BAE C Systems reporting to BAE Land and Sea Systems. The important point is that the whole of BEA was now behind this bid. They reserved their rights for final, final commitment until a particular meeting.

20 I think it was on 13 or 14 January we are talking about a few weeks later where all of a sudden and I was there at the time a fax came through from British Aerospace to the head [indistinct] the program manager I was there at the time. He walked out as white as one of these sheets of paper in front of me and he advised us that BAE had sent the  
25 document I think we have just mentioned it. It is open in front of me. To

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say that it had reviewed its bid and it specifically reviewed its competitive position. Maybe I need to stop there to make sure that if this document is irrelevant that I refer to it?

ADV SIBEKO: I refer to the document as RMY64 on page 1320. That is the document from British Aerospace. I think it the fax and it is dated 14 January 1999 that is where reference is made to the company having decided to have for various reasons amongst others being a review of the competitive position they decided to withdraw from the bid to Bhlom & Voss.

10 DR YOUNG: That is correct. I am a copied party of this letter right at the top. So I do have personal knowledge of the situation.

ADV SIBEKO: What happened to your participation in this bid to which you were invited?

15 DR YOUNG: Well it basically colossally speaking disappeared in a puff of one fax.

ADV SIBEKO: What happened to your bid at least you participation in the ADS combat suite consortium or association so to speak?

DR YOUNG: Are you specifically mentioning ADS indeed correct. Unfortunately and as I mentioned from the document yesterday the ADS internal document it seems though it made a. I think that the document referred to is written on 17 December 1998 just before this. It may point to that letter at least. The SA Navy very cross.

20

It also made Thomson and ADS very cross and they also thereby just started playing the games with us of issuing us a draft memorandum of understanding for cooperation but without any particular intention to

25



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follow through with that. Then certainly it was fairly clear that they would use to do everything in their power to exclude the IMS from the final selected baseline.

ADV SIBEKO: Perhaps moving away from your involvement in the ADS bid. I am just closing of at the document of RMY64. You refer in your paragraph 350 of your statement to the competitive position in your view being an impossible position that was put in place by Thomson-CSF in getting British Aerospace to participate at this process to which it had been invited.

10 DR YOUNG: Yes indeed they use the term competitive position. At risk of traversing the hallow ground of interpretation of documents the competitive position of course is the position that was on the ground at that time. That is clearly Thomson and ADS were going to be the preferred supplier of the Corvette combat suite.

15 ADV SIBEKO: At 351 you make certain deductions having regard to the documents and the information that you have become privy to regarding this?

DR YOUNG: Yes that is correct. I was also at least introducing the this having a political context and surely I will start off with the interventions  
20 of the people like Pierre Moynot and his predecessor Allan Detart working the political route. Also I put up this position at the intervention of Chippy Shaik phoning his brother to speak to a politician called Jacob Zuma.

Certainly chronologically or contextually is that it was politician who  
25 intervened at this stage and ensured that British Aerospace would not

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compete for the Corvette combat suite part of Strategic Defence Packages.

ADV SIBEKO: Mr Barnes who is he?

DR YOUNG: He is the reason for mentioning British Aerospace would  
5 be BAE C Systems. He was the managing director of that and he was  
the person to whom I was directed in contacting their extremely sudden  
pull out. I had never met him before but I telephoned him. I know from  
his phone number and where he lived was in the Ilse of White where  
certainly there were divisions of BAE Naval Systems.

10 I am pretty sure who I was speaking too. Mr Roger Barnes and he  
told me the things there that never in his 17 years being involved in the  
industry he worked very much in the Middle East where the acquisition  
procedures are also not done according to MODAC that somebody so  
directly and from so high up in the home country being South Africa had  
15 said that BAE should withdraw its bid from the SA Navy Patrol Corvette  
Combat System Bid.

ADV SIBEKO: On that on 352 you make certain comments in which  
BAE was treated. Do you like to comment on that?

DR YOUNG: Yes. I think I maybe this is an introduction to the theme  
20 that I will come to later. As I have said before at a global level. BAE's  
intentions were completely bona fide. I know having been involved in  
the process there are documents that I will come to. I will mention the  
specific date of 1997. I need to mention that. It is from my own memory  
because there was nothing documented at that stage.

25 It is coming from me and my own personal involvement. In 1997 the

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SA Navy turned I think it was 90 years old. They had a big function in Simonstown and two of their senior managers in the Naval division were in town. I mentioned their names because I remember them. Chris Cortou and the combat system manager program manager Farrel Mossa. He was married to a South African woman. They were in the country and the spent a week or so there at SA Navy 75. [Indistinct] a technical paper on combat management systems or something like that.

While they were in the country and walking around Simonstown they did a whole lot of things. Specifically with their interest in the Corvette and Corvette combat suite. Of course by 1997 I think I am right, anyway if this was not after the RFI's had been issued it was certainly after the defence review had been completed.

I want to say something fairly sensitive. Unfortunately I suppose I am going to be asked who did this. I will probably have to divulge that but I will at least, there is more than one person involved as far as I know. I will divulge the name of the responsible person because he is the senior one.

During the week or two weeks when these BAE people were in the country they made contact with Armscor. In fact the specific person was the senior manager effectively the divisional manager of the [indistinct] commander control division.

ADV SIBEKO: I just pressed this by mistake. Would you like to round that point off before you move onto the next?

DR YOUNG: Yes, I think I am obligated to do so having started it. In any case they made contact with Armscor. The person there he might

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have been actually the head of computers division which became Commander Control Division his name is Pierre Meiring and of course at that stage it was known that the IMS was the nervous system of the baseline combat suite and they wanted to know how the IMS worked.

5 Not the details of it the intellectual property or state secrets but how did this thing work as far as another company concerned, either wanting to integrate its own combat management system using the IMS or if taking responsibility for a combat suite. How would they use the IMS to integrate the combat suite and connect the sub systems of the combat  
10 suite with the combat management systems.

In that regard I was contacted by Armscor and I was instructed to hand over things called the interface control documents and I think we had a thing called concept description of how the IMS worked at a higher level. There might have been more. We were instructed to hand  
15 over those documents to I think BAE. They certainly were not military sensitive. They were commercially sensitive. They were certainly relevant to a party that was interest in making a bona fide bid for the Corvette combat suite. In those days 1997 September I think it was a year before they started really pressing the point of our own involvement  
20 at more than just a technical level.

ADV SIBEKO: We do know that in January of 1999 they withdrew their bid despite being offered to participate. You proceed at 353 of your statement to deal with the contact between GFC and BAE and later you make reference to BAE having been declared the preferred supplier of  
25 the Lift and the Alpha how does this relate to the issue of the combat

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suite?

DR YOUNG: That is the introduction of my theme of responding to Admiral Kamerman's evidence of this effort in which I was involved was so untoward using the politest term as I can think of right now. In fact I  
5 can remember as I said before. GFC has been selected as the preferred supplier and at this stage the correct procedure officially at least for interested parties in provided whether they are solicited or unsolicited bids is to work through the supplier. That is why I have recorded this meeting to show that is exactly what BAE would do.

10 Also certainly I was not at this meeting which I think occurred overseas it might have been in Germany I am not sure. Certainly it was part of the documents to which I was exposed as a member in fact in loose terms the director of ASM which at that level meeting and the oit that I want to make here is to show that *bona fides* of this bid from all  
15 perspectives including the South African Acquisition Authorities is that they did what they were told and actually engaged with the GFC.

I cannot remember the date of this meeting but if I may open the document. It looks like 23 December 1998 I might be right in that respect?

20 ADV SIBEKO: Is that your document ASM 1998 12/23 our document RMY35 that you are referring too?

DR YOUNG: That is indeed correct yes.

ADV SIBEKO: You say that records the meeting that took place between GFC and BAE in Germany?

25 DR YOUNG: Well it certainly happened overseas because I do

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remember that the relevant parties were not in the country. I am pretty sure that this document I see only page 1 of 6 I can see that. This is actually just the covering fax sheet which was all that was left for me when BAE skipped out of the country with the greatest of speed after 14 January. They did leave me some stuff and this is one of the documents. I think that this was written by a senior executive Alan Nicholson Florence. So it should be written to Allan Florence and Chris [indistinct]. So it was written by somebody else and it is faxed from the UK. That is all that I say. This was a meeting that was held overseas as far as I can remember.

ADV SIBEKO: You are not able to give comment as to what transpired at that meeting. Is that correct?

DR YOUNG: I certainly can, I can certainly give comments on it. Because you see this is something that was addressed in the formal management meetings that we were having at the time and I can remember. I can remember the content of most of these discussion points in the management meetings that were being held.

ADV SIBEKO: What report were you given as to what was discussed?

DR YOUNG: I am looking at the document and I think that they are both addressed in my witness statement but for want of saving of time. I see I have referred to the point, point 2 where it says"

*"Please find attached points from last Monday night's meeting with B&V that is Bhlom & Voss a breath of fresh air."*

I believe of what they did not say was we want to give you the contract because you will work with us. That is the one point. The second point

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well I said this matter was ventilated above my level and it seems that they also discussed this with other parties and maybe this is also a divergent from the MODAC procedure. They are somebody here at F3 at the bottom of the page.

5 *"I asked Brian about FBA or C as being greedy et cetera."*

I can tell you it is Brian Blackbeard who I know was involved in this process at least in [indistinct] . He had already asked Msiki Mshembe is the correct spelling sorry, hopefully it is the correct pronunciation but that is spelling is certainly incorrect. who was the chairman designate of  
10 the Joint Standing Committee of Defence and his response was, 'No stop be nervous.'

The point that I want to make is that every. It is with political things certainly not sanction or even known by me. It is just a recordal of reality whether it was people at least relevant people in the political era  
15 being the Joint Standing Committee of Defence. Certainly people in Armscor and people in the Navy and people in the DoD were also being canvassed to whether it would be acceptable for BAE to bid on the combat suite and not only on the military aircraft.

ADV SIBEKO: You also mentioned the chief of the Navy Vice Admiral  
20 Robert Simpson-Anderson was also approached. This appears at paragraph 356 of your statement. I believe you deal with that matter with the aid of your document EA1998 12/02 which is our paragraph RMY66 which is at page 1322 of the bundle.

DR YOUNG: Yes that is correct, I have the in front of me. Similarly to  
25 the points describe in eh previous facts most of this were then

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discussion in our regular meetings held. Nike Project and there was certainly a bunch of meeting and I am a part of this meeting. Of course in meeting like this there is feedback being fed back from other tasks that have been implemented by other people in the intervening period.

5       What is recorded at this meeting is under paragraph 3 halfway down also to emphasis the point that this was not just some frolic of whether it is BAE's or ASM's or my own as seems to be in contended at these proceedings. Before they talk about a meeting being done I think this carry on from messages from BAE again. All of these things certainly  
10       within my knowledge. the BAE does not listen to what I tell them to do. Even if I gave them my ideas of what should be done in the home country being South Africa they have done with a thousand times before.

      There are only 120 countries in the world but certainly in many of  
15       those had done some very similar efforts of becoming involved in defence contract. What they say it a recordal of the Chief of the Navy meeting and that is the current one at the time was Rear Admiral sorry Vice Admiral Robert Simpson-Anderson and he is recorded being saying excited about competition for combat suite originally was ADS or  
20       nothing.

      3.2 says:

*"Navy does not want a French Solution on either Corvettes or submarines it wants a system which is working not a proto type."*

      It carries on, not only what the Navy was saying but clearly they also  
25       been in contact with Kenneth Hannafey and there are documents which



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may or may not be included. Certainly I even attended two meetings one called by Chippy Shaik independently and another one by Llew Swan where was actually personally there and I agree with this statement. There was great confusion about these two persons what do we call

5 them, chiefs of service, chiefs of Armscor and Chief of Acquisition were saying about whether or not there should be, the first thing is. Whether or not there could be a competition at this stage. I think it is fairly clear in fact I know that from, Chippy Shaik is on the record by saying that there will be competition or certainly not that ADS and Thomson are pre-

10 ordained. The letter that we traversed even last week but certainly written later. Would have formulise the position of Llew Swan. This means that BAE and therefore on behalf of ASM were interacting with Arrmscor and the Navy with regard to the validity or the reasonableness or say the lawfulness of being interested in making a bid.

15 ADV SIBEKO: When you referred to your DTI363 which is our RMY36. Is that correct?

DR YOUNG: Yes that is precisely correct. Just to point that I have just made.

ADV SIBEKO: From paragraph 360 to 363 you make certain

20 conclusions regarding the combat suite and BAE. Would you like to take us through that before we take the lunch adjournment.

DR YOUNG: Maybe I am pre-empting my evidence. Certainly my interpretation of the evidence that was given by Captain JEG Kamerman that my interest in AMS and BAE and of course the joint interest

25 providing a competitive bid for the combat suite is part of it. It is just a

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commander control section was just so untenable and so contrary I think he says the hopes and dream. I think he is talking on behalf of the defence or the joint project team I am not sure. He say that is that the interest in[indistinct].is illicit holding such a position in a formal position  
5 and regarding the formal acquisition processes whether or not they are MODAC or 147 it will be unlawful, that is my own view in terms of the competitive requirement of the constitution where that is an imperative.

**COMMISSION ADJOURNS**

**COMMISSION ADJOURNS**

10 RICHARD MICHAEL MOBERLY YOUNG: (s.u.o.)

ADV SIBEKO: Dr Young, we... as I indicated just before the adjournment that we were dealing with the issues relating to bribery allegations that you [indistinct] at your paragraph 365.

DR YOUNG: That is correct, yes.

15 ADV SIBEKO: Could we then begin to deal with that and proceed [indistinct] forward?

DR YOUNG: Okay. I have introduced one of the subthemes of this theme of bribery in terms of motive. Of course... of course there is now opportunity and one of the legs of opportunity is having the sufficient  
20 funds for which to do it and that is the point to which I want to come now. And I would like to analyse the evidence, if I am allowed to do so of course, that within the project, especially the combat suite part of the money, there would seem to be sufficient amounts in there that could fund these same level of bribes as I have referred to, alluded to under  
25 the platform part. And it is also one of the reasons why we went through

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the whole combat suite pricing of the R2.6 billion as opposed to the R1.9 billion of the expected levels. In that context I want to address the financial opportunity for actually paying such bribes.

ADV SIBEKO: Does the document you refer to at the end of paragraph 5 365 DT10339 have any [indistinct] in the analysis you want to make? It was our RMY67 at page 1325.

DR YOUNG: Yes, it certainly does. I just want to... it was also relevant in a slightly different context as well. So, I might as well address ...[intervenes]

10 CHAIRPERSON: I am sorry. Advocate Sibeko, RMY67 and which page?

ADV SIBEKO: Page 1325.

CHAIRPERSON: Thank you.

ADV SIBEKO: You may proceed [indistinct].

15 DR YOUNG: Okay. It is also relevant in another theme which one can call a lawful competition, because this document affected the proofs that ADS in South Africa share our prices [indistinct] IMS with its head office in Paris.

As I have indicated, we are on the first page with the... sorry,  
20 [indistinct] the document itself indicates that this is a presentation given [indistinct] a French official, Thomson of France, official [indistinct] Mr D Fork... D Fork. I think his name does come up so that we can get his name spelt correctly in the record. But you can also see the word [indistinct]. It was also [indistinct] by encrypted facts. I do not want to  
25 belay the document, because it is a 30-page document. So, will quickly

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point out the items of relevance.

If we go down one, two... at about the third page, you are paging through it, you will see a complex suite diagram there. Again, it shows that the IMS is part of what the French here were considering as part of this presentation. If we get to my sixth page, it has a 931 on the top right corner and it looks like a PL5 in the bottom right-hand corner.

ADV SIBEKO: That is on page 1330. It is a document entitled 'project Sitron description'.

DR YOUNG: That is correct. Fourth line from the bottom above the line it has got the word 'bus' and it has got C2I2. That is indicated in these discussions, not only our company but our bus. We go through lots of other stuff in French, but the point I am coming to is on page... my page 8 and it looks like 933 at the top and PL71.

ADV SIBEKO: That is the document at least written in French. It says: 'hypothesis [indistinct].'

DR YOUNG: Your French is better than mine. And I think so, because nobody wants a translation from me. But nevertheless, the next line at least has an English word or two in it. The budget of the client is R2.2 giga or with reference to R1.8 giga [indistinct]. Even the French knew of the expected price. I think the 1.8 actually means... obviously declare is not the main idea, because that is 1.47, the adjusted amount. But even they were expecting something of R2.2 billion whereas... that means that there was R400 million between this price and the final price.

I think it also shows, if I may say so, is that all the prices they put in after here, because this document was dated or given [indistinct] a date

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on the first page of the 26<sup>th</sup> of the 1<sup>st</sup> of '99; and as we know after this prices went up to R3.9 billion, R3.3 billion, R3 billion, whatever. So, even here they are expecting 2.2.

And if we get to the page, my page 11, the page has 935 at the top  
5 and 309 at the bottom. And you will see the point, the financial point I am trying to make is in their budget of R2.2 billion. They have got a 'reserve de management'. Fortunately that is an easy one to translate. It is management reserve that management wants to put on top of the project management and the financial management team. Certainly that  
10 is a 5%. Certainly if there are any extraordinary expenses or useful expenditure it has to come out. That is a good place to do it.

I think I have marked 'margin nette'. That means the net margin, and that is a reasonable figure for anybody who has got a private company to make, of 10%. They still got other... I could not say contingencies of  
15 3% for penalties and negotiating margin for 5%. You normally would expect to come down. Your negotiating margin would be taken up. In this particular case it jumped from 2.2. So the margin was far too low.

Then on the next page there is a NIR - 6%. I have to... not sure what that is. And the compensation, I think that is for... IRP is for some kind  
20 of industrial anticipation and other compensations. And [indistinct] this document or the OECD document, the term 'compensations' is compensating the home country people with money.

So, I think it relates directly to my point. This is not just by analysis. It is pointing out where this... even this large sum of R2.2 billion had a  
25 huge amount of 30, 40% that could easily have funded the bribery

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amounts in itself, let alone excluding the R400 million that was added onto it; and was added onto it after, as I pointed out, when the reduction... there was a substantial reduction in the scope of supply of the combat suite; both in terms of quality and quantity.

5 Another relevant point is relating to my whole issue of risk and the risk pays the price, the price that took us out. If we go down to my page 14, over the page [indistinct] with the 839 at the top and a PL13 at the bottom, right-hand side.

ADV SIBEKO: Is that the document... our document 1338 with the first  
10 amount, R430 million?

DR YOUNG: That is indeed correct. Here they address the issue of risks, the first one which is blocked. I think your versions are blocked as well, but certainly the line above 'total' in the middle has got R45 million of technical and industrial risk. And then we go down... that is on the...  
15 okay, there is two parts – proposal of ADS. I think [indistinct] ADS. I am not sure what that means, but here they have got another provision of risk of R230 million. Now, it is fairly clear that [indistinct] much higher risks were actually applied.

On the next page they also seem to... ja, they address... the first  
20 page is ADS risks and the second part is naval combat systems. That is the naval division of France. They also address their risks. Again, if I might say that they seem to differentiate between industrial or technology risks, those [indistinct] small amounts, and that we classify [indistinct] as business risks or commercial risks. Here they talk about  
25 risk techniques. I think it would be technical risks. Be that as it may, we

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now come to... my page with [indistinct] of the 943 at the top.

ADV SIBEKO: It is page 1342; 1342.

DR YOUNG: I do not have those figures. I have got... that number I have just mentioned at the top is quite... the name of the spread sheet  
5 [indistinct] which I think means pras.xls at the bottom right-hand side.

May I just ask [indistinct] whether your version has the annotations in little arrowed blocks? Okay, two things: I notice it does not. I have made annotations on my... of my own here. So, I will, without belabouring the point, I will just address these and... ja. I will not go to  
10 all of them, but I think I made a point here. On the very right-hand side one can see the first document was faxed and the note I put to myself it is vertical for me. But it is clear to me that this was faxed from TCSF Africa, the TCSF France. It is a point that I want to come to. The whole document is actually written in... well, let us not say the whole  
15 document. That would be wrong. But even the term 'risk' is right at the top of the block in the first line of the table. I think that is a pretty strong indicator that this was a spread sheet that was produced, if not in France but for French [indistinct] assumption.

There are... if I may [indistinct] is the... what I have said the  
20 absolutely [indistinct] prices for the combat management system, as well as system integration and project management, that they are right at the top on the right-hand side under NCS part. And also I will not go into detail. You will see the 'bus' is indicated almost before the little total sub-block. So, it is three lines above the bottom of the table. [Indistinct]  
25 because I also noticed your version, Advocate Sibeko, is done

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unfortunately in portrait mode. So mine is a landscape note. So, I am pretty sure all the copies are in the same mode and that is almost impossible to read.

So, if I... that is why I am also... it is necessary for me just to point  
5 these things out in an English version. But the word 'bus' with C2I2 written next to it, the prices I have indicated there. And the price is indicated in the column under ADS part. Now, I have [indistinct] increasing the size of mine to read it. Yes, indeed the price there is indicated as R60.291 million. Then there is an ADS [indistinct]... of R30  
10 million. So that was that. We could justify would be added.

Then the risk part, as the next column, has got exactly the same amount as the 62... 60,291. So, as I have indicated to myself here, is a simple [indistinct] of our price. Now that is a fairly important indicator, the way... [indistinct] and if I may say so not... trying not to be sarcastic,  
15 [indistinct] of the unprofessional way in which risk was just being handled. It was not being handled in a [indistinct], even a [indistinct]. It was just a simple [indistinct] with at this stage the price that ADS Thomson was going to offer for the IMS of R134 million.

But certainly in summary this spread sheet indicates that our prices  
20 were being addressed in Thomson-CSF France and it comes to the point I have mentioned before, giving away our prices from ADS to [indistinct] company which also owned what became our competitor. Detexis is what my own legal time would refer to as unlawful competition. Now certainly it is a relevant point to me is that whatever  
25 one... whatever I might say is that our prices did get into the hands of



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our competitors.

Sorry, [indistinct] reduce my spread sheet and I do not think there is too much to address further. So, I will just page on.

ADV SIBEKO: There is nothing further in this document that seeks to  
5 support the hypothesis of the increase in price to cater for the bribes.

DR YOUNG: Certainly not. That is why I said I think that the whole negotiating tactic was *mala fides*, was opportunistic. Of course at this stage, as I have mentioned in the respective BAE [indistinct] it was now non-competitive. Certainly by this date it was non-competitive and pretty  
10 sure I can safely say that if there had been a competitive and as the navy, the chief of the navy indicated [indistinct] chief-executive of Armscor later that this whole process would be completely different.

And the page I just want to refer to, just to prove a point, comes down to my page 20. It has got a French number with a French  
15 [indistinct] number D416 at the top, and I think the South African number 880017, the top. And what I wanted to point out firstly it was ceased in France. That is why this is a French ministry of the interior document to prove that it was ceased in France.

ADV SIBEKO: Are you referring to our page 1344 which is entitled  
20 'French public ministry of interior and national and regional development [indistinct]'?

DR YOUNG: That is indeed correct. This is an English version. There is a French original version and I think I am safe to say... I think I am on safe enough ground to say the French original version would have had a  
25 number D416 and the officially translated version is the one which has

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the number 8800714. That is the English version. And as I say in the middle of this page it says 'Project Sitron South Africa', a file marked 'presentation to Mr [Indistinct]. That give his spelling. He is, as far as I know, the executive or the manager of France; also had eight business

5 [indistinct] holdings from Nkobi Holdings ADS. I do not think that is necessarily relevant. But be that as it may, I think that is [indistinct] intention that there was unlawful competition regarding the disclosure of our price.

ADV SIBEKO: Having dealt with the issue of the disclosure of your

10 price, you then go on to deal with the issue of Chippy Shaik's recusal as chairperson of the PCB and the meetings you may have had with certain [indistinct] of combat suite.

DR YOUNG: That is correct.

ADV SIBEKO: And you furnish proof thereof of what you referred as

15 unlawful meetings. In your document DT10344 and... No, I beg your pardon. [Indistinct] 01PDF versus our RMY68 and the other document is our RMY69 which we will identify in due course. RMY68 appears to be a VAT invoice from [indistinct]. How did you get hold of this document and from whom?

20 DR YOUNG: This document came out of the documents that were involved in the Schabir Shaik trial as far as I can remember.

ADV SIBEKO: And how do you connect this with Chippy Shaik?

DR YOUNG: Okay. A point I want to make – although Chippy Shaik formally declare his so-called recusal, combat suite discussions at the

25 first project control meeting on the [indistinct] meeting on the 4<sup>th</sup> of

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December 1998. He had been appointed as chief of the acquisitions substantially before that; I think about a year or so.

But if there was a conflict of interest it would not have come just when he first recorded his recusal. He would have come when the  
5 object of the recusal and the conflict of interest, being the... well, he recorded his conflict of interest in regard of his brother Schabir in the Schabir Shaik's interests through his company Nkobi Holdings, Nkobi Investments as a partner for Thomson and ADS bidding for the Corvette combat suite. Now as we know, that came about formally at least once  
10 the GFC had submitted each responsible... each response to the request for offer in May. So that is when the conflict of interest would have come into play.

This is a meeting here... private... obviously it is a private dinner meeting between Chippy Shaik and the person who is making the claim  
15 for the expense, and that is Pierre Moynot. I am saying that and one thing I can see is that on the very last page of this... and this is not so much in respect of that meeting with Schabir Shaik; but the image that is at 45 degrees, I have blocked it. I do not know if it is in your version, but that is Mr Pierre Moynot's... is his signature. So, I am saying that this is  
20 an indication that Pierre Moynot was meeting with Chippy Shaik.

ADV SIBEKO: Oh, the document you refer to with a 45 degree image is that the document which is at page 1357.

DR YOUNG: I do not know... I do not know. That is the third page in this...

25 ADV SIBEKO: That is only the page. You were referring to something

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that demonstrates that this is a Pierre Moynot document or he is the one who hold the meeting. Where do you find that?

DR YOUNG: Well... okay, the graphical... it is not [indistinct] clear, because it is an extremely bad photocopy, scan. But as far as I can  
5 remember is that... I know what Pierre Moynot's signature looks like and I think that could be his... a very bad version of his signature on the [indistinct] page. What I do know from other documents that this was an expense claim of Pierre Moynot and it has got Chippy Shaik on the very first page. It has got the name Chippy Shaik within handwriting and the  
10 word 'invitation' next to it.

ADV SIBEKO: I am just struggling to see [indistinct] the signature you are referring to is [indistinct].

DR YOUNG: Okay, sorry. I will block my version. If one... if one stands upside down one's head, one sees the words 'customer copy, klient se  
15 afskrif'. Can you see that right on the top?

ADV SIBEKO: Yes.

DR YOUNG: Right. To the right... to the right in that open bit of space, which should be an open space, there is a squiggle. I know it is not that clear. But anyway, I have seen Pierre Moynot and I think that that is his  
20 signature. But anyway, I do not want something... it is obviously not clear enough to be submitted into... into evidence on its own, but it was an indication that I had... that this was something where Pierre Moynot had put some ink to paper.

ADV SIBEKO: Now, at RMY69, that is your 0334 document, 0344  
25 [indistinct] RMY69 is at 1358.

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DR YOUNG: Yes. This is also indications... Yes, this is just another PC documentary evidence that despite the so-called recusal with the people involved in the combat suite that French people, Thomson people, were meeting with Chippy Shaik. This particular document is extracted from

5 Alan [Indistinct] diary. You can see that it is a document that indicates the date. I unfortunately cannot... I certainly [indistinct] indication of the date, but it is a ceased document with a 7800044. I do have the whole diary [indistinct]. Unfortunately no diary has more than 300 and... this type of diary has more than 365 pages in it. But it certainly is an

10 indication of a meeting between Alan [indistinct] who is the Thomson-CSF delegate in South Africa. I can see a date here of the 2<sup>nd</sup> of February. I am pretty sure that is the 2<sup>nd</sup> of February of '99, because Alan [indistinct] went back to France in the next year and he came in the... he only arrived... he only arrived in the country at this time.

15 Also the indications of the meeting with Barbara Masekela are a graphic indication that it has to be '99, because the meeting with Thabo Mbeki between France setup by Barbara Masekela was for the 17<sup>th</sup> or 18<sup>th</sup> of December '98. So, all the indications are that this was following that [indistinct] this is a 2<sup>nd</sup> of February '99 diary entry.

20 ADV SIBEKO: We continue with the theme of elicited meetings with Shaik and officials of Thomson-CSF at paragraph 367 of your statement. And you refer in that regard to your DT10236, our RMY70 at page 135.

DR YOUNG: That is correct, yes.

ADV SIBEKO: I see that the bulk of contents of your paragraph 367 is

25 actually a quotation from that document. Is there anything specific you

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want to deal with there?

DR YOUNG: Yes, I think I need to do it. Okay. Again... although this document is dated the 9<sup>th</sup> of July '98 it is for the same reason relevant to the so-called reason for the recusal.

5 ADV SIBEKO: Perhaps... sorry to interject. Before we deal with it, how did you get hold of this document?

DR YOUNG: Again, it is out of the Schabir Shaik trial. As far as I can remember I asked people in Durban to pull, legally speaking, documents out of... whether it was the evidence bundles or the discovery schedules  
10 or whatever, that the proof or the authenticity had to indicate where it came from, is the number right at the top; 7808988. That... I know that that is a... that is a DSO document and DSO being the investigating authority for that trial.

ADV SIBEKO: You can then proceed to deal with the document.

15 DR YOUNG: Okay, without belabouring the point. The first document is obviously the official one which is in France. Sorry, not France. It is in French, signed by a senior executive, Mr [Indistinct], executive of Thomson-CSF of Paris. Fortunately I did not [indistinct] to translate this for me, because the DSO did that on our behalf and their own behalf,  
20 and I have referred to the English translation of that document.

ADV SIBEKO: That appears at our pages 36... 1361 and 1362.

DR YOUNG: That is correct.

ADV SIBEKO: And the relevant portions of that document have been referred to in your statement and [indistinct].

25 DR YOUNG: Yes, but not all of them. So, certainly that is the most

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important part. But there are one or two other things I see that are relevant.

ADV SIBEKO: Will you just deal with them? We can move on [indistinct].

5 DR YOUNG: Okay. What I put in my witness statement here is Mr [indistinct] records his meeting that he had in early mid... early mid-'98 with Chippy Shaik, the chief of the acquisitions. He puts here Armscor. That is obviously incorrect. That is the Department of Defence. And he says here A Dutart whose name I have mentioned, the author of the  
10 cryptic facts. Now have that long talks, more than two hours with Mr Chippy Shaik. These talks were important, taken into account what was discussed and the interlocutor's position, chief of acquisitions.

The main points are as follows:

*"Mr Shaik was aware of our London talks. We spoke about them  
15 without any restraints. More particularly, he has spontaneously mentioned the name of Natalia..."*

That is Natalia in English;

*"...to show us that he had a very good idea about our contact here. His position is both simple. If we stand with partners and various friends  
20 [indistinct] to him, he will make things easier and should the opposite occur, he will make things difficult."*

That is what I have said here, but if I may just refer to the document briefly. I think what is important here in context of what I have said and probably what I am going to be say is at the top of my page 4... is that  
25 the second English version, [indistinct] ending in 989 at the top.

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ADV SIBEKO: That is page 1362.

DR YOUNG: I do not know... sorry, I do not know your page numbers.  
So...

CHAIRPERSON: 1362.

5 DR YOUNG: Sorry, I do not know your numbers. I do not have it. I have  
got... it is fourth page down for me. Okay, it says there under 5.5:

*"As far as the Corvette program is concerned, Mr Shaik informs us  
that the question of the sharing responsibilities between the program,  
various players is the object of fundamental differences between his  
10 team; Captain J Kamerman..."*

Spelt incorrectly;

*"... plus [indistinct] and himself. The setting up announced by ADS,  
Mr Pierre Monyot of a local suppliers consortium, including ADS is not in  
any case a solution that will be able to bring the necessary performance  
15 guarantee to this program which taking the challenge."*

And that is I think the price;

*"R1.2 giga less than R2 giga to account may only be provided by  
prime contractor, having the necessary resources and experience."*

Anyway, what I think they say at the end before the signature is we think  
20 NCS France must speedily contact Mr C Shaik in consultation with the  
delegation. Now whether or not this is in the context of recusal, I do not  
think that the Modac procedure would allow for this kind of thing with the  
chief of acquisitions.

Okay, there are other pages, but I do not even think they are  
25 necessarily even relevant to that particular record.



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ADV SIBEKO: Right, next you deal with the other example of these communications between Shaik and officials of Thomson-CSF you have already dealt with in RMY69, your DT10344.

DR YOUNG: That is correct, yes.

5 ADV SIBEKO: But we continue then at paragraph 370 to say he was also directly engaging with the head of Thomson-CSF, NCS, Alex Dorrian as well as ADS CEO, Pierre Moynot and in that regard he refer to your RMY71 or at least our RMY71 at page 1366, your DT10445 and your DT10360, our RMY72. Both these documents appear as from page  
10 1366. That is RMY71. And RMY72 is at 1368. Let us start with that first.

DR YOUNG: Okay. These are further examples, maybe just slightly contradict the JIT's conclusion that this was no recusal at all. Unfortunately that is not quite the case. There was a recusal. There was a reason for a recusal, but these documents prove that despite the so-  
15 called record of recusal that Chippy Shaik did indeed in the relevant time period engage directly with ADS and Thomson.

ADV SIBEKO: Could you just briefly describe what RMY71 deals with?

DR YOUNG: I hope I have got the right document. It is a very bad copy, but I can see a date at the top. This is where it has got a 094 as the  
20 evidence document and underneath that, quite far, there is a date and place – Pretoria, 26<sup>th</sup> of the 5<sup>th</sup> of '99. Now, if you remember from a couple of days ago, that was precisely the date two days after ADS submitted its best and final offer. And that date of the 26<sup>th</sup> was two days later when there were negotiations between ADS and that the  
25 Department of Defence regarding the best and final offer and reduction

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of the price to the expected amount.

But this letter is written by Alex Dorrian who I actually happened to meet once. Not when he was working for Thomson, but strangely for BAE Systems, not long before that. It is a redacted document, but  
5 nevertheless you can see right at the top it was formally supplied to me; I think under PAIA. And that is why it has been redacted and that is also why it has been provided to... well, it has been desensitised by Lieutenant-Colonel PHJ De Waal.

But anyway, it is on a Thomson letterhead and it is addressed to the  
10 director of acquisition of the Secretariat of Defence for the attention of Mr Chippy Shaik, spelt wrongly, and it is in respect of the Corvette combat suite, and it is in respect of further to the joint offer of Thomson-CSF NCS ADS that you will receive on Monday as I say in 24<sup>th</sup>. We would like to comment.

15 Anyway, this document goes to offer a completely different combat suite, offer something... a different surface to surface... no, it offers a different tracker. It offers a different communication segment. It offers a different surface to air missile.

So, anyway, that is also proof of complete divergence of... at least  
20 from the French side of conforming to the South African local combat suite. But most importantly, it is directed to Mr Chippy Shaik. And if one is... read... recused himself, one certainly would not expect that and I do know under recusal, for state of recusal you are not really meant to be in possession or... of any documents relating whatsoever to the  
25 matter.

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ADV SIBEKO: The next document you refer to.

DR YOUNG: This is a document that is far more relevant. I received it as an annexure to one of the transcripts, section 28 transcripts. It is indicated here as... you can see two things or at least mine, HNN4. That  
5 was the fourth document referred to in the interview under oath with Mr... sorry, captain... naval captain Nic Marais. He did not provide it to me. It was formerly provided to me. I can see it seems to have also been a document... it has got scratched out here, but it has got JEGK. So, it might indicate that it was also referred to in captain... then Captain  
10 Kamerman's interview under oath.

But nevertheless, it is a document signed by the project executive. That is Captain JEG Kamerman self as the project officer for Project Sitron and the word underneath there 'manager' is actually a mistake, because it should have come with Armscor program manager. On the  
15 right-hand side Mr F Fritz Nortje and is dated the 2<sup>nd</sup> of March '99 which is as far as I can work out; my [indistinct] tells me four months after the recorded refusal. And it says there at the top that this is discussions between SAN, Armscor, GFC and ADS. [Indistinct] it refers to SAN, because I think it really means DOD. I have made that mistake as well,  
20 but nevertheless SAN is part of the Ministry of Defence.

But I think probably only two points I want to address are what... it says Mr Moynot... it is recorded as Mr Moynot saying he explained the background of a meeting with Mr Chippy Shaik and Admiral Howell on the 26<sup>th</sup> of February '99. He explained that Mr Shaik requested certain  
25 information regarding prices and alternatives. Now, in the simple...

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ADV SIBEKO: Now, you recall that in terms of the ruling that was made yesterday you are not supposed to give any interpretation to the documents you have not authored. So, having that, the terms of the ruling at the back of your mind, you can continue to give your evidence.

5 DR YOUNG: Okay. We go on to point 2 then. The project team indicated that the matter cannot be negotiated at two levels in parallel.

ADV SIBEKO: Now, in terms of the documents you have referred to, if one has regard to the contents of those documents, what do they demonstrate?

10 DR YOUNG: Well, I suppose that is an analysis and maybe a conclusion as well. But as you have invited me to do so, I will carry on do so until I get stopped. Clearly, they are documentary evidence that Chippy Shaik was involved in this process after his recusal, that I think would be unlawful. It certainly is irregular, illicit in the terms of reference  
15 of this commission.

The previous point which I mentioned is that negotiating the combat suite price and content in parallel. I am pretty sure the meaning of that is that it was not done in accordance with Modac and I do not think Modac allows parallel negotiations of this nature. And the second thing is that  
20 the project executive knew of this... these violations which, in my view, are fundamental and yet nothing was done about it. So, after... I mean both Kamerman and Nortje were at the meeting of the 4<sup>th</sup> of December where the recusal was recorded in their presence; and here is, you know, a clear indication of a contravention in a very extremely material  
25 way.

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ADV SIBEKO: Now, having dealt with that observation you make, you continue then in paragraph 372 where you say that:

*“On a perusal of various documents and minutes of the PCB there appears to be clear evidence of pricing manipulation.”*

5 Just take us through that.

DR YOUNG: I do not want to belabour the point, but I will... because we have just traversed that in substantial detail in the last two days at least. But certainly there are... I think I have alluded in a couple of times to the pricing. Maybe even say pricing manipulations, manipulations  
10 probably being used in its broader sense at least.

But if we can say just, you know, for clarity, the pricing going upwards from R1.7 billion, R1.8 billion, R1.885 billion, R1.9 billion. That is in the 1998 timeframe. Then we have just seen the previous document and the French presentation. They are recording it as R2.2  
15 giga at R2.2 billion. And believe me, those people, being Thomson, had a very, very, very good indication of the prices. So, that would have been a relevant one.

But of course the first price that they put in after that was R3.9 billion and it went down to R3.6 billion. [Indistinct] went to R3.3 billion, went to  
20 R3 billion, 2.9, 2.7. Then it went down to 2.3 with an indication of it coming... being possibly coming down to 2.1 at least which is pretty close to the French one of 2.2. But yet it suddenly jumps up at the last minute and I have got documentary indications of that that... I think at least in two instances from Pierre Moynot as the CEO of ADS and  
25 effectively his boss or at least his counterpart, Alan [Indistinct] of

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hurriedly changing their prices of R2.3 billion to... up to 2.7 or 2.6. That is, for me at least, unexplained and inexplicable.

The reason why it is unexplained is there do not seem to be any negotiations that took that price from 2.3 or... on its way down to 2.1, jumping up to 2.6 again. And of course not only is unexplained, but is also inexplicable. And certainly... and also of course I am not quite sure where the affordability report might have got that figure, unless of course it was from Chippy Shaik.

But anyway, it is a reasonable interpretation for me, at least for the purposes of this type of enquiry. If you are jumping from 2.3 to 2.6 and there is no reason for that, is that that could have either been the bribery amount or funding part of it that I refer to as why we, being ADS, could be in big trouble if somebody in the ANC opening their big mouth.

ADV SIBEKO: You conclude that discussion by stating the following at the end of your paragraph 373 that the pricing manipulation gave Thomson-CSF about R1.3 billion and ADS about R0.8 billion worth of contract value.

DR YOUNG: That is correct, yes.

ADV SIBEKO: That is a conclusion you arrive at after the analysis you have just made.

DR YOUNG: Yes. And without belabouring the point, I have tried to prove... I tried to make none of my assertions bold, if possible, and there is a document there which we can open. It is a document that was actually sent to us as well. So, I have personal knowledge of it. It was sent to us semi... semi-formally or formally. But it has a break... a price

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breakdown of that final price arrived at.

ADV SIBEKO: Is that your document, 0505?

DR YOUNG: That is correct, yes.

ADV SIBEKO: And our RMY73 for the record, appearing at 1369.

5 DR YOUNG: Yes, that is correct. It is fairly self-obvious, but the total amounts have been divided into a platform part, part A, and a combat suite part which is part B and C, and I do not want to go through all this. Hopefully your copy has been copied in landscape mode and is legible, but the figures I have got add up to that R1.6 billion for Thomson and  
10 ADS together and about R300 million for ADS itself. One thing I can see in this document is somewhere in the middle. Just to the right of that looks like a crossed spears. We can see something there.

ADV SIBEKO: Is that the second page of that document you are referring to, our page 1370 with a number of blocks and arrows depicted  
15 there?

DR YOUNG: That is indeed correct. Just to the right-hand side of the crossed arrows I can see the word 'SSM' and then the rest... the other word I actually cannot read. But it looks to me, at least in my version, of an amount of R182.257 million and that is one of the tiny bits of  
20 information that have come our way where I tried to analyse the SSM price. But if I am correct in my... let us call it not an interpretation but an assumption. If this was the price, the final price for the surface missile it does not accord with even the price of R390 million for the surface missile, including its R17 and its on-ship launches. I think that is all I  
25 need to say on this document.

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ADV SIBEKO: Having concluded then on the price [indistinct] you say there are further observations on pricing that you deal with as from paragraph 374 through a document. In your PDF files it is 0607 and for our purposes it is RMY74 at 1371.

5 DR YOUNG: Correct, yes. I think there is only one particular point I want to mention in this architecture. It is at point 13 on the second page of this document, but I have quoted it. Maybe I need to say for the context is despite this so-called risk which of course if price risk and business risk that has been alluded to, commercial risk, which of course  
10 was all about money. That even internally, and of course this document came to me later, legally if I may say, indicate a [indistinct] number at the top which came out of the Schabir Shaik trial.

But anyway, as I have said there, despite ADS making so much noise about risk and costs and all of this inexplicable migration upwards  
15 about price, ended up at R89 million which actually included the R12 million of the so-called IMS study. So, of that... not the R89 million, because that included the risk strategy at 12, but R10 million they talk about... You see now I have lost my place, except for the document. So, I will go to the document.

20 But it says here the implication of the change of the baseline architecture, being the baseline architecture, ADS was now exposed to an additional cost of plus-minus R10 million PM. I think that is project... well, PM we know it is discussed with NCS. So, you know, these costs and of course the risk of costs do not only apply to [indistinct], but to...  
25 and I thought that is quite ironic.



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ADV SIBEKO: Through the aid your DTI0475, our RMY75 for purposes of the record appears at 1393. You seek to further demonstrate the impact of the risk that you were talking about a short while ago.

DR YOUNG: Sorry, just to make sure; are we talking about RMY75  
5 now?

ADV SIBEKO: Yes.

DR YOUNG: Yes actually used the term the impact of risk. That would not be the right way that I would describe it. It is basically just to show. This is just a doctor, sorry a document which I wanted to point to which  
10 actually indicated a risk at the system level not by assuming the Detexis bus instead of our own. It is a 34 page document so I am certainly not going to traverse it at all. I think I just need to point at the first page. Maybe, anyway as we can see top it is a Thomson-CSF Detexis document. Its authenticity arises from it being supplied to me by  
15 the Department of Defence jointly with Armscor in it Pie Act response to me

It is clearly in respect of the South African Corvette Sitron and slightly offensively to me they refer the functional specification of the Detexis bus as in the context of the information management system  
20 segment. As far as I am concerned the IMS was a C-Squid I-Squid offering and their one was the Diacerto Databus offering. If I may what I meant by risk.

If we can see the date of this document. It is dated in a place in a place called, San [indistinct] to 22/99. Now as far as I know this is the

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of baseline management as well as figuration control and they refer to it as the date being 22 June 1999 and it being the initial revision indicated to authors of that. I think one of those authors was the visit to South Africa three weeks before. Which clearly initiated them writing their first  
5 specification.

If I may say if we have to analyse, well not analyse just oppose the risk constituted to the combat suite to ADS themselves, Thomson in a system that could only be specified from the first time at this late stage on 22 June. Compared to the IMS which had been formally baselined[?]  
10 it's first specification probably came out in 1993 and it had a baseline specification that probably existed at this stage for four or five years.

I think that, that is a reasonable indication of the technical basis I can say that there were indeed more risks technical risks regarding the Thomson Detexis Diacerto Databus than our own one.

15 ADV SIBEKO: You continue with the theses relating with failed revisions and price regulations. In your discussion of the matter at paragraph 376 and 377 up to 378 of you statement. With that you referred to your DTI0443 or RMY76 which is at page 1427 for purposes of the record?

DR YOUNG: Sorry I am just trying to follow. Are we talking about  
20 RMY76?

ADV SIBEKO: That is correct. That is right. This is all part of your discussion on further provisional price inflation.

DR YOUNG: Yes hopefully everybody would be pleased to know that this is a matter that we traversed before a day or two ago. I had to bring  
25 up the document in that particular context as I said, I elected to address

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the document at that stage while it was open. Of course I indicated here that if I needed to I would be able to find it quickly.

From what I can see is that certainly up to 378 we have actually traversed before and we do not really need to traverse again.

- 5 ADV SIBEKO: That takes us then to the handwritten notes that you have referred to at RMY77. Which is your DT10438 that is at our page 1432. Your comments regarding your DT10483 and our RMY78 which starts at page 1433, dealing with the combat suite total costs.

- DR YOUNG: Yes again this is something that does not have to be  
10 traversed in excruciating detail. The thing that I am looking for here is a handwritten document, obviously confirmatory notes regarding the pricing that was recorded at briefing on the pricing from the best and final offer. That was given by GFC and ADS on 24 May. We have discussed that in some detail.

- 15 Certainly it does record where I have got some of this information from. It is also a document that I received under Pie Act. There is something that I do not need to discuss the details with we have discussed it enough at point 9. Offer still ADS's 22 from R25 million and I say this was strange after the competitive... because C-Squid I-Squid  
20 quote as May 1998 those were prevailing baseline financial conditions and not December 1998. I have discussed that before and it was based and that minor detail that they still were excluding at this stage six weeks later. Based on a simple thing called rate of exchange, fairly inexplicable for me.

- 25 Important is point 16, still on the first page. It goes to another slight

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tiny bit of information regarding the surface-to-surface missile. Again it refers to four options from Aerospatiale it has been crossed out there to be provided. Basic option on option on offer. I think the word basic option is important for it being the most inexpensive option which would

5 have been important to the context of my complex theory.

As important we have talked about the up and down price. Clearly on 24 May this indicates the combat suite price of R2.964 billion and that proved my point that somehow R350 million odd had to be removed to get down to R2.599 in fact maybe I am actually sorry the offered price

10 I remember that we talked about was R2.634 that was the special offer, bargain basement price from the mother company.

So there was a not quite R350 million but there was a slightly more than R300 million price somehow was arrived at to get down to 2.6 and possibly the removal of the surface-to-surface missile ammunition was a

15 major contributor there. However again at this stage the price of the total corvette was R6.7 billion and yet we know that it was signed at R6.873.

There was still interesting things going on with prices at this stage despite what Chippy said is we do not interrogate the price of a

20 preferred suppliers best and final offer.

ADV SIBEKO: Your document 0483 our RMY78 which is at 1433. It makes reference to the combat suite total cost and it does so through various tables it shows.

DR YOUNG: Yes it took an oath to tell the whole truth. It was important

25 for me to keep this document for what it is worth. I am not quite sure

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what it means or exactly its relevance in time. It is a document that indicates the price of ammunition and the price of R180 million, R180.6 million as a foreign amount. There is a local amount as well.

From what I have seen is that, that R180.6 million seems to tie up  
5 with that R180 million in the previous price diagram that we showed. Of course I am showing this because there is something else might be relevant that I cannot quite make head or tail of.

ADV SIBEKO: In your paragraph 380 you mentioned that an this is something that I think you have traversed earlier on in your evidence.  
10 That the confidence of Thomson-CSF seems to have been increasing during the time of negotiations. What do you attribute to this?

DR YOUNG: Sorry I was listening to the statement and I think I may have heard the question. Could you just repeat your question again?

ADV SIBEKO: I say in paragraph 380 you I think note or observed the  
15 increasing confidence of Thomson-CSF in securing the combat suite contract. I asked what leads you to be surprised by this increase in confidence of this company?

DR YOUNG: Well there is certainly two documents or a couple that we just alluded to the one where they recorded R2.6 billion price. We are  
20 going to come to at least where the price was indicated as R2.3 so obviously there was a certain increase of confidence there. Then those figures at R2.3 been changed to either R2.6 or R2.7. So normally when ones expected price goes up that also has a concomitant increase of one's confidence of securing the thing at that price.

25 ADV SIBEKO: This increasing confidence that theme seems to be

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taken further. After you have just cast this price fluctuation and you mentioned at 382 that this increased confidence coupled with Thomson-CSF's illicit support base with high political level may have had an effect in how they dealt with the contract?

5 DR YOUNG: I can be pretty confident about making that statement because if it was true that there was ceiling a Cabinet approved price ceiling of R1.47 or adjusted upwards to R1.9 and they allowed it to [indistinct] the contract with R2.6 there must have been some kind of high level support for allowing, it is normal when Cabinets sets a ceiling  
10 price for something then there have to be something very extraordinary to allow a R700 million price increase on the combat suite and a R873 million increase of the Corvette. Of course the R700 million on the combat suite is the absolute lion share of that total increase.

Then of course judging the position of that with the affordability  
15 report. Now as far as I know part of the sensitivity of that affordability report in these proceedings as far as my understanding is that it was a document produced for the Cabinet and that is why it is... first of all why it is sensitive and secondly why I have not referred to it by means of reference.

20 The very fact that there was a figure of R2.6 billion in the affordability report must mean that there was something happening at that level to allow the price to increase to R2.6 especially without that last final referral of negotiating the price downwards from R3.2 downwards instead of R2.3 upwards.

25 CHAIRPERSON: I am sorry Advocate Sibeko. Can we try as far as we

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can to avoid repeating the evidence. Let us not do it twice of thrice because that does not help us much.

ADV SIBEKO: We will do so Chair. You have already dealt with the issue of the reduction of the expectations of the combat suite while there  
5 was movement in price earlier in your evidence. Is that right as it appears at the end of 382?

DR YOUNG: Yes, that is correct.

ADV SIBEKO: In your paragraph 383 you then seek to deal with what the project manager reviews expressed by the project office. Project  
10 office and project manager regarding this issue on 6 May 1999. Is this something that we have traversed as well?

DR YOUNG: Yes we have traversed it for what I have said but I specifically referred to the terms, reductions of the scope of supply in terms of quantity the performance which is quality. I have quoted that  
15 particular point out of the document RMY78 and I do not think that I have traversed that before. I do not think that I need to but that is the documentary origin of that particular point I want to make about substantial reductions of the expected scope of supply and the concomitant price.

20 ADV SIBEKO: We have also dealt with the price the total price that was currently arrived at including risk and the provision of all other amounts with regard to the combat suite. Is there anything else that you wish to add?

DR YOUNG: Are we still going to paragraph 384 and it reference  
25 document or?

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ADV SIBEKO: That is the paragraph it does appear that during your discussion of the evidence these are the issues that you traversed.

DR YOUNG: Yes this a document as you can see it has a predictive number a document that was produced to me by the Commission from  
5 Armscor and I just want to refer to a few things in there which are relatively important to the points that I had made and will be made.

ADV SIBEKO: That would be your PDF document 1999/04/28 our RMY80 at page 1445?

DR YOUNG: That is correct. My PDF shows that I have three points to  
10 make. If I may go through it. It is a 19 point document. So it will mean getting onto that page. You can then refer to the correct page in the evidence bundle.

ADV SIBEKO: Which paragraph in that document do you want to refer too?

15 DR YOUNG: I want to go down to the 7<sup>th</sup> page. It is at the top it is appendix A to the minutes of the Project Control Board Meeting. It basically I think it looks like a report of the project officer or the project team to the project control board. It has appendix A written right at the top.

20 ADV SIBEKO: It is our page 1451?

DR YOUNG: I think it is the middle of the page, the first point for emphasis in its context is as I mentioned before, here a documentary record of it. It starts with price discussions, negotiations commencing 1999 and the combat suite price of R3.9 now down to R2.6 and the next  
25 point that I want to mention as it says:



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*"Substantial reduction in price is now the result of ..."*

And records some of the mechanisms used to get that price down.

The important one I would like to refer to one says:

*"Substantial reductions in scope supply performance by the central  
5 combat capabilities and local issue maintained, then eg, reduce SSM  
stock to minimum required with the important point here is  
lease/purchase option."*

Now that is an indicator just as that is some kind of mechanism  
other than an outright purchase was at least considered. I do not know  
10 because the evidence has been hiding from me. I have been building up  
to this and this is more of a build up. At least one of the options of that  
four that talked about was a lease/purchase option. I do not think that  
this means lease or purchase option it is a lease option. That also ties  
together with the ADS document which says removal of the ammunition.

15 ADV SIBEKO: Is there any other point that you need to address to in  
this document regarding the combat suite?

DR YOUNG: Yes. It is marked page 8 about eight lines above the  
stamp it says:

*"Defence Intelligence Declassified."*

20 ADV SIBEKO: That is page 1452. There is something that deals with  
increasing cost of ammunition.

DR YOUNG: Yes I talked about the very very substantial price increase  
as I refer to it as increase. The reasons for these increase of the cost  
obviously one cannot prove that amount, one reason the increasing cost  
25 of the combat management system from rudimentary high risk local

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system to capable no risk Tavitac Based System. That was the R95 million I cannot believe that it can be that high risk because it was developed for the sky craft.

More interesting the next point down the price now of the combat  
5 suite increasing because of a more complex more expensive architecture due to the new CMS. Now of course that involves the IMS. So it just seems to be in [indistinct] or the reasoning about the IMS contributing to the increase now we have a CMS of R350 odd million. Not only contributing to the price in its own but also contributing to a  
10 more complex more expensive architecture and [indistinct] series. If I may say and more complex have to also mean higher risk.

ADV SIBEKO: That is all that you need to deal with on this document?

DR YOUNG: No not at all. The next point is now page 9. About the inexplicable jump of price from R2.3 to R2.6 as the project officer  
15 advises them. The Project Control Board there is a recordal of this. It starts at the top of page my page 9, it has an A/3 so it is obviously the third page in annexure A and the ninth page on this document.

ADV SIBEKO: That is 1453 for the record.

DR YOUNG: We will go the second bullet point there. It says here:  
20 *“Combat suite price now approximately R2.3 billion and R2300 million.”*  
Yet the program cost today. Ship platform R3700 million and combat suite R2300 million and adding on project management of R100 million means a total of R6100 million that is just R99 million more than the Cabinet approved Corvette price at R6.001. As the project officer says  
25 and this is very very fundamental to my evidence at least. He says:

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*"Final price negotiations commenced 3 May 1999, estimate can negotiate another 3 to 5% off the ship platform"*

So that is bringing it down by R120 to R200 million.

*"On the combat suite can reduce combat suite an estimated another R100 million after negotiations with GFC/ADS commencing 3 May 1999. R60 million of current ADS prices, (7%) especially ( as I have alluded too before in their own view) especially inflated program management and that is several hundreds of millions. Another cost saving of R40 million if the State provides management assistance."*

10 Therefore what is important is that project officer reports,

*"Therefore I can report that the Corvette is within goal of Cabinet approved R6001 million, R6.001 billion."*

The point that I am trying to make is that it is inexplicable of how the combat suite price here of R2.3 billion with possibility of being negotiated downwards by at least another R100 million and even more to get down to R6 billion, how can it suddenly jump to R2.6 billion without any indications on the records that I have got, except that the affordability report indicate an acceptable price of R2.6 which is broad.

Here is a very fundamental document of how the R2.6 was arrived at and in my context, I know that it is circumstantial. I know that it does not prove the point, well beyond a reasonable doubt but I have no onus on me to prove anything beyond a reasonable doubt. What I can on a simple written record I can prove that at this stage the price was much lower, R300 million lower than the final price.

25 ADV SIBEKO: Now having dealt with that aspect you deal with another

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PCD meeting at chaired by Chippy Shaik dealing with exactly the same price relating to the R2.6 billion of the combat suite. This you deal with at paragraph 386 of your statement and PCD minute of 1999 of March 27 is at RMY81 page 1464. Is there anything that you would like to add  
5 there?

DR YOUNG: I have two point. I believe we have traversed most of the points. There are just two that I think are relevant in what I have been saying here and that is documentary record now provided by the Commission to me and from ADS asked for the Commission subsequent  
10 to my discovery on 5 March last year. The point that I want to make (let me click on my PDF here) I will go down to page 10/22.

ADV SIBEKO: That document talks about the surface-to-surface missile evaluation at page 1473?

DR YOUNG: Yes we have traversed this before and the context that I  
15 have just been talking about this again reminds us of the cost of the surface-to-surface missile including 17 missiles at R396 million in the context of the lease/purchase option. In the context of the removal of ammunitions. It is relevant in that context.

The next point that I want to make, yes I have been referring to the  
20 affordability report and that is traversed in the minutes itself which is my page 3.

ADV SIBEKO: That would be our page 1466. What paragraph are you referring too specifically?

DR YOUNG: Here it is the third last paragraph it is a paragraph  
25 something A, best and final offer. In the middle of that paragraph and not

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to be accused of cherry picking records the project officer, Project Sitron it says:

“He believes the combat suite price could be reduced to less than R2.6 billion.”

5 It has gone down to R2.3 billion and that is definitely less than R2.6 the last sentence of that paragraph is an important one. It says:

*“The chairperson, (now this is Chippy Shaik) the person who has recuse himself from combat suite discussions records that the indication that the total price of R6.694 billion was set aside by the Department of Finance. The affordability study documents presented to the Cabinet Sub Committee of the combat suite price at R2.6 billion was indicated in the affordability documents.”*

10

The fax says:

*“There seems to be no other evidence that I have that responsibly support that position.”*

15

ADV SIBEKO: In your next paragraph you deal with the expectations that were held by Thomson-CSF regarding the final price of the combat suite and that makes reference to your DT0432 our RMY82 which starts at page 1486.

20 DR YOUNG: Yes, I have talked about this before but here is the documentary proof and I think that I have explained this that the French were also knowledgeable that the prices that were in that R2.3 billion that we have just traversed in the Project Control Board minutes in annexure A thereof. That it is a document from Alain Thetard and

25 facsimile ...[intervenes]..

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ADV SIBEKO: Can you just for purposes of the record identify what RMY82 is and how you explain this?

DR YOUNG: Again if we look, I am looking at a landscape version of it. Tabular format. On the left hand side of it there is a number there  
5 7808481 which also means that it is either the series relating to the Schabir Shaik trial matter.

ADV SIBEKO: Let us deal with another relevant section having in mind the terms of the ruling yesterday.

DR YOUNG: Yes indeed. If I just go down to the fourth page there. I  
10 have been given the top pages but the fourth page is the relevant page. Again it is another fax from Alain Thetard dated 17 May.

ADV SIBEKO: For the record, that is page 1489.

DR YOUNG: It is counterpart or is say colleagues in Thomson-CFS in Paris. Again of course it is a fairly sensitive document because it all  
15 relates around money and income and profits and things that is why it is an encrypted fax. The first page refers to country, South Africa and its main program expected in the next 10 years. The very first program is referred to as a Naval Combat Systems Corvettes. It has got the dates of invitation in the middle of the [indistinct] how can we call that a  
20 [indistinct] games chart. Anyway as I said the amount that was being recorded as income for the group and the Thomson units involved are NSC Naval Combat Systems and ADS at R2.3 billion.

Yet by this suddenly by the time this document had been seized at least it had been the 2.3 had been scratched out and replaced by R2.6.  
25 I think that just shows the sudden and fairly unexpected windfall that

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was about to happen between R2.3 and R2.6 billion.

ADV SIBEKO: Then we refer to the same aspect and made certain observations about notes made by Pierre Moynot. That was the ADS negotiator of the combat suite. With that you referred us to your  
5 DT0407 and our RMY83. Which starts at page 1491, before you start with your evidence with regard to this document please identify what it is and how you came to be in possession of it?

DR YOUNG: It is certainly recordal of the notes made by Pierre Moynot as you are correctly say. I am not a handwriting expert but I recognise  
10 that it seems to be his handwriting. It might have come out of one of his diaries I cannot be absolutely sure.

It is dated 16 April 1999 which is precedes the best and final offer by three or four weeks. It has a number at the starting with 78 which also shows that it came out of the same serious of documents of the Schabir  
15 Shaik trial. It is all written in French and an official shows that it came out of the trial it is officially translated from French into English as indicated by the signature and the stamp of the sworn translator the Supreme Court of South Africa. That was done for the court this was in that instance.

20 ADV SIBEKO: Specific to what it is that you want to refer to in this document?

DR YOUNG: I think possibly I could use the French version. There is an  
\* under the name Barbara. It says:

*"Estimated 2.7 giga francs[?] (and something something) Kamerman  
25 and underneath that is 2.350 giga francs,"*

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I do not suppose that I need to go to the English version here. Is yes the English version says:

*"Yes estimated 2.7 billion francs on the basis of acceptance option of Kamerman and with reference here to 2.350 francs. It says Kamerman*  
5 *should give us the go-ahead on Monday or Tuesday."*

That is at least in terms of the best and final offer. I think I am not going to analyse it. If one does have sight of the price of 35 mm guns the price of that it was not, I do not think it was more than R100 million but that does not explain the difference between R2.35 billion and the R2.7  
10 billion.

So again I am making a point that it seems to me that they were expecting something in the region of R2.35 billion and suddenly information came their way in April that a price of R2.6 or R2.7 billion. If I say it is not an analysis. Those days a French franc and a rand was  
15 almost the same thing. So when I have been refereeing to rands and it is to all intensive purposes similar to a French franc at the time.

ADV SIBEKO: What follows then is your discussion or the observation that you make having regard to all of these documents about the content which also relate to the context by officials of Thomson-CSF and some  
20 officials of DoD. The disclose of the price that your company had quoted for the ISM, MMS. You make reference also to the evidence that you have referred to earlier on, the RFY67 relating to this disclosure.

At 395 you deal with this in a different context. Through the, I think it was the section 28 Inquiry was that was conducted with Mr HM Marais.  
25 Do you recall that?



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DR YOUNG: Yes that is correct. We all be pleased to see that we jumped to my page 97 so where the evidence has been similar we skipped over a whole lot and we are making fairly good progress. To page 97 then.

- 5 ADV SIBEKO: Now that document in your PDF is 0079 and it is our RMY84. Is starts at page 1494. Any specific passages that you need to deal with there?

- DR YOUNG: Yes I do not have any bookmarks indicated here. So I have the document in front of me. I want to see if I have a [indistinct].
- 10 There are things that are certainly relevant to the entire procedures. I do not need to traverse any of them except for what I have recorded in my witness statement and that is ...[intervenes].

- ADV SIBEKO: What appears in your statement it seems to be quoted from our page 1521 the original paginating of your document is 1551.
- 15 Please continue from there.

- DR YOUNG: Yes that is correct. What he says and I need to cover evidence with evidence in this regard. Regarding the disclosure of the IMS price to Thomson in particular in this particular instance to Thomson Detexis.

- 20 There as Captain Marais said and he was a participant at that meeting on 3 and 4 June when the Thomson parties were invited to Cape Town and they had a kind of workgroup there and he says:

- "There is fourth reason which is why I was consulting my notes and so on, I suspected unethical bossiness practises of being exercised by*
- 25 *ADS. By an advance making the prices they have received from C-*

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*Squid I-Squid available to Thomson Detexis.*

*Prior to Thomson Detexis having their quotation for the BAFA, best and final offer. The reason why I am making that statement is that I have overheard discussions between a person Jean Marc Ferre from Thomson-CFS those individuals both employed Thomson [indistinct] took place on 3 June 1999 in Cape Town area. They also the conversation that was overheard I took further and during tea break confronted them with the statement that was made by Jean Marc Ferre that they are offering their Bus System at approximately 30% less than the C-Squid I-Squid Bus. That was made by that person.*

*That statement could not have been made by Detexis unless they had visibility, granted visibility to the C-Squid I-Squid Databus Proposal.”*

ADV SIBEKO: Again in this respect you made reference to notes that were prepared by Pierre Moynot on 16 April 1999 regarding the pricing?

15 DR YOUNG: That is correct, I think we have traversed that sufficiently.

ADV SIBEKO: Turning now to your paragraph 397 what is set out in your statement is covered in the record or the transcript of the section 28 proceeding that you have just referred to right now regarding the visibility of C-Squid I-Squid's prices being made to Thomson.

20 DR YOUNG: That is correct, yes.

ADV SIBEKO: At 398 you deal with the de-selection of C-Squid I-Squid that is also something that you dealt with, correct?

DR YOUNG: No I have not dealt with that yet.

ADV SIBEKO: Would you like to deal with it now?

25 DR YOUNG: Yes as he says further under oath in the recording

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transcript. He gets asked a question, let me just put it in perspective. We can go not necessary to the transcript itself. Which is see I do not have a page, but what he says in an answer to question is:

“Accurate prospective at that stage higher authority applied pressures to  
5 maximise or increase the French’s contents. It was not specifically the navigation distribution system. It was mainly because of the actual perceived pressures applied to maximise the French content in that or that to increase the French content of the combat suite.

ADV SIBEKO: You say this evidence by Mr Marais is in line with what  
10 you heard as an instruction letter had been given to maximise the French content to this. Where did you hear that from?

DR YOUNG: To be honest I actually cannot quite remember exactly who I heard it from. It is a long time ago it was of course something said it was not something in a document so I cannot refer to that but it is well  
15 known that the French were hoping to actually win at least one major contract specifically the main battle tank a part of the SDP’s.

That got removed from the SDP’s and they were extremely disappointed, I can say that from my own knowledge. There is plenty evidence of that even in the press. I think in fact in my discovered  
20 documents there are various press stories about that. I have been advised by my all my legal advisors not to refer to the press documents as necessarily useful for evidence. However regarding that main battle tank issue that certainly is relevant and true.

What I got told at the time in fact surely from more than one source  
25 is that there was some implication of the French by making effectively

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making all the non South African parts of it French or mainly Thomson-CSF that is what I heard. Also of course independently it looks like Captain Marias has stated under oath something very similar.

ADV SIBEKO: We have already dealt with the offers that were  
5 submitted by ADS for the IMS and in relation to the combat suite which you refer to at your paragraph 403 of your statement, is that correct?

DR YOUNG: I need to address my paragraph 400.

ADV SIBEKO: What issue do you need to deal with?

DR YOUNG: Well you see, it is not related to the IMS that we have  
10 been discussion. We traversed the issue of SMS before, think I probably do come to that but we certainly have addressed the SMS and the fact that ADS were allowed to decrease their price of the SMS the next day in a competitive situation. Why we had this document Captain Nic Marais evidence in front of us I wanted to bring the attention to  
15 regarding the SMS pricing specifically C-Squid I-Squid's price SMS being given ADS and Captain Marais avers as follows and he says ...[intervenes].

ADV SIBEKO: What page of the document are you referring too for the record?

20 DR YOUNG: I am referring to item 400 of my witness statement.

ADV SIBEKO: Yes, I see that. That is the quotation that you picked from the transcript?

DR YOUNG: Yes that is in the transcript unfortunately I have not recorded that over there. If we need to I can find it with a highlights and  
25 not a bookmark.

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ADV SIBEKO: I guess during the adjournment you could assist us with that. What does that say?

DR YOUNG: Captain Marais says:

5 *"It is the marketing department of every companies task to find out what your competitors are bidding."*

In this particular case it was actually given to ADS because that was the communication channel. I do not know whether we are having another break but I can find it if I am given a couple of seconds.

ADV SIBEKO: Can you just try to find it?

10 DR YOUNG: Sure.

CHAIRMAN: We will get to that. Can I perhaps suggest that we take a 20 minute tea adjournment to give the witness an opportunity of trying to get to the document that he is trying to get?

ADV SIBEKO: I am indebted to the Chair.

15 **COMMISSION ADJOURNS**

**COMMISSION RESUMES**

DR YOUNG: That is correct.

ADV SIBEKO: Now, DTI 0381, which is our RMY 86, which appears at our page 1551 for the record is a document you referred to, as support,  
20 in that contention.

DR YOUNG: Yes. I am looking at it now, I thought I it was going to finish off the rest of Section 28 into there. But, if we look at paragraph 403 and ADS's offers, I think that we have in my view sufficiently ventilated this point. So, this would be a place, that where we could  
25 save some, some time.

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ADV SIBEKO: We, we have also, traversed the issue of the ADS price, having been found to be too high and it being requested to submit a reduced offer. This is what you deal with at 405?

DR YOUNG: That is correct, yes.

5 ADV SIBEKO: And that issue has been traversed, as well. Or do you need to state anything further with regard to DT 1-1052, which is our RMY 81, at page 1553, having regard at the back of your mind to the terms of the [indistinct] yesterday?

DR YOUNG: No. I do not think that we need to traverse this now.  
10 But, because, we, in any case come to my response to some of Fritz Nortjè evidence, where, where I address this again. So, I do not think we need to, to work through this now.

ADV SIBEKO: Anything, is there anything that you wish to deal with in your paragraph 406, about the instruction given, given to GFC to get  
15 further competitive quotation from ADS and C Square I Square System?

DR YOUNG: No. From my memory and my brain is not going to saturate. I think that we have traversed most of this already. So, we do not need to repeat it. But, of course, it is on the record anyway. So, it is not that I am just abandoning this. It is as relevant in here, as it is  
20 elsewhere, in my written statement.

ADV SIBEKO: And you have already addressed what appears on paragraph 407, with regard to ADS, being allowed to reduce its price. Just on the next page, after it has committed its quote.

DR YOUNG: Yes. I see, we, I am referring here to my RMY 89. May  
25 I ask whether we have, we have actually looked at this particular

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document before, or not?

ADV SIBEKO: We have not. Perhaps this would be the convenient time to deal with it.

5 DR YOUNG: Yes. This it just happens to be here. So, I would not like to, to skip over it. But, we do not need to spend much time with it at all. It just happens to be here. So, if we may open that document.

ADV SIBEKO: Yes. It is RMY 89. It is at page 1597 of the bundle of documents. You can just deal with the document, without dealing with the contents thereof, thanks.

10 DR YOUNG: Yes. All I really want to refer to, at this stage, is the very, very top of the document. It is a document, written by ADS.

ADV SIBEKO: It is at page 1597, of file five. It is a document on the letterhead of ADS, if the Commissioners can indicate that they have found the document. Yes. You may proceed, Dr Young.

15 DR YOUNG: What I really wanted to point out, as I have said it before that I need to prove my, my points. You can see it is a, a fax from ADS. It has got a fax recordal at the top. It says from ADS. It is fax number, I cannot quite make that out. Anyway, the important part is it indicates the dates as the 16<sup>th</sup> of April 1999, a time of 16:03. Now, what is  
20 important there, is that was a day after the competitive quotes closed, on the 15<sup>th</sup> at I think, five o'clock Johannesburg time.

ADV SIBEKO: Yes. That, that is dealt with, in your paragraph 408 and RMY 90 is the further document you refer to. It is the 0398 document, which appears at our page 1603. What is that document, for  
25 identification?

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DR YOUNG: Yes. That is a document, issued by the, Blohm and Voss. It is a telefax, dated the 13<sup>th</sup> of April 1999. This was just to go, as to prove what I have just said now, that the competitive quotes had to be submitted by not later than Thursday, 15<sup>th</sup> of April 1999, 17h00 to our  
5 Johannesburg, as well as our Hamburg office, duly address as stated above. Yet, ADS was allowed to change their price, a day later. That is the point I wanted to make, in terms of these two documents.

ADV SIBEKO: In your discussion, in the statement, at paragraphs 409 to 411, you continue expanding on the discussion, regarding the change  
10 of price. Is there anything else you need to add, other than what you have said, to, to respond?

DR YOUNG: Probably, keep, to keep it short, I have mentioned the 12.05 per cent margin that was allowed, to be added onto our price. Basically, in respect of ADS's, okay, so it is a margin and not a mark up.  
15 But, certainly, the point I wanted to make is, in what I believe to be fair, competitive bidding situation, that if there are such mark ups that are going to be added, is that the, the competing bidders are forewarned about that. Certainly, as, as an analogy, today we have bidding involving Armscor and there are points, or specifically, some kind of  
20 adjustment for, they are called PDI's, previously disadvantages, but at least you know, which is fair and that you know about an advance. In our case, we were not advised about it. So, I think, that the evidence of Captain Kamerman, Admiral Kamerman now, is that that was completely fair, because that is what the price that the State would have to bear.  
25 But, that in my, in my view, and if, to make it fair, even if it was there,



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then we would have to be advised in advance. Because who is to know, or why should we not know, that that is an advance. So, if we want to reduce our margin from my, our own profit, from 14 per cent to two per cent, because this was a must win, we could do so. But, if you do not  
5 know the advance, how can you bid competitive? So, I think that that, in my own view, that is a graphic indication that this was not a fair process. Whether to go as far to say it was an unlawful process, I do not know, but it certain was not fair.

ADV SIBEKO: And then, you proceed to deal with a report, which you  
10 say, you believe was prepared by Fritz Nortjè of Armscor regarding the ADS product, being of a lower risk than the C Square, CCII of getting the task completed. What report is that, which you are referring to, at page 4 [indistinct]?

DR YOUNG: Yes. We, we have actually just gone past it. I now have  
15 to go backwards to find it again. So, if I may, bear with me for a second. Yes. I refer to that, well that document was referred to as, at my paragraph 405, my annexure RMY 87.

ADV SIBEKO: And that is where you lift that quotation.

DR YOUNG: That is correct, yes.

20 ADV SIBEKO: Is there a paragraph number, to which you specifically refer to?

DR YOUNG: Sorry, I did not quite get the meaning of that?

ADV SIBEKO: So, is there a paragraph number that you can refer to specifically?

25 DR YOUNG: Yes. On my page 2 of 2, the last point numbered point

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for the navigation distribution system, which I think is fairly close to the top of the page, there is a point six there, under the IMS section.

ADV SIBEKO: What page is it? What page are you saying? Your ...[intervene]

5 DR YOUNG: It is the second page, two of two, there are only two pages in that [indistinct] report.

ADV SIBEKO: You say, which document are you referring to?

DR YOUNG: I am referring to, now, I think I said it correctly. Yes. I just clicked on it again and it is RMY 87, what, what, it is the, my, my  
10 DTI 1052. You might have a problem.

ADV SIBEKO: That would be starting from our page 1553. You say, you are referring to paragraph 6.

DR YOUNG: paragraph 6 on the second page, starting off with ADS proved.

15 ADV SIBEKO: Yes. That is page 1554. We still get to this from paragraph 6 that you lifted that you lifted. That is the quotation that you are referring to.

DR YOUNG: Yes, indeed. Now, of course, the whole issue of risk is that is has been such an important subject of my evidence. Here they  
20 talk about risk. So, the, the point that this report makes is that ADS proved to be a lower risk than CCII, of getting the task completed, as outlined in the points above. Now, this, this a report on the IMS, sorry, not the IMS, SMS and NDS. As far as I know, it is written by somebody in Armscor to Sipho Tomoro, who was by then, either the general  
25 manager of acquisition or the, we even see [indistinct] by then. The

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point that I really want to make was first of all, it talks about, ADS proved to be the lower risk, as outlined in the above points. Now, I do not want to go through all of the points, unless I am asked to. But, I do not see, if any proof in the above points that could have been agreed

5 from the competitive quotation process. If there are any relevant points, there must have been things that were known before. So, the point I want to make is that it is untrue that ADS proved to be a lower risk. And if, and, and again, following on from that, in, the clear inference is, if they had known that ADS was a lower risk, why did they ask C Square I

10 Square to quote. So, my point is, which I will come to, I think, a little bit later and in fact, there are many reference to, I think, in both Fritz Nortjè's evidence, where he talks about butting heads with ADS on price. In fact, Admiral Kamerman's evidence to this Commission, where they talk about, where he, sorry, he talks about, yes, we put out these

15 competitive bids, in respect of the IMS, to call their bluff. Now, if I may say so, asking us, to compete competitively with ADS, merely, merely to bring their cost down, without the bona fide intention of getting us the, the contract, that is certainly, an unfair business practice that one just, just does not do, as far, as far as I am concerned. In fact, this

20 discussion continues at your paragraphs 4, 414 up to 416. Is that right? It is a discussion, in response to the quotation on that, you have been dealing with.

DR YOUNG: Where are we starting, at 414?

ADV SIBEKO: Yes. You, you mentioned in your paragraph 413 that a

25 number of the above points, to which reference is made, containing

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anything new that was not known that you have already dealt with. Then, you continue to say the report continues in certain respects, of the MDS and I understood you to be dealing with those points that are set out here, in your evidence.

- 5 DR YOUNG: Yes. Thank you for bringing that to my attention. As I have indicated before, the first part of that report is in respect of the SMS and then it goes on to address the MDS. Now, a particular point that I have quoted here, under 414, it says that:

10 *"CCII had already progressed a large way under Project SUVECS, in establishing the basic hardware and techniques for such data distribution."*

- Okay. That actually is untrue. We had not received any work or contract, whatsoever, under Project Suvecs, in respect of the MDS. Whatever work that we had done, doing, in terms of hardware and techniques for such data distribution, well, maybe [indistinct] might have been involved with the IMS. But, the IMS is a local area network and it has got nothing, nothing in similar to the ADS. So, here is, you know, report being put in, in a kind of review mode, of what happened, what went down, in first of all the combat suite in general and secondly, these competitive quotations. Here is a very incorrect statement being made. By the, the author of this report to Armscor management, which is just complete nonsense. We did receive a project for the MDS, in the year 2000. But, here we are talking about 1999. So, that is an incorrect statement. But, why it is important is because, again, it relates to risk. We could only have really reduced that risk, technically, at least, by

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doing the work under SUVECS. But, we have not done the work. So, the next, it feeds into the next point and the point I am going to make, under, I did make under the SMS. It says here, conclusion, is the risk of CCII, not being able to complete the task that deemed to be acceptable.

5 Nothing, unfortunately, in terms of logic, it just cannot be true. It cannot be valid. We cannot discourage it. If, if we take it by, at least differential logic, if the risk of CCII was such that it was able to tackle the MDS, then it was certainly able to tackle the CMS. So, its further point, by inferential logic that the previous point I made, under the SMS risk, is  
10 actually non-sensical.

ADV SIBEKO: Just for purposes of the record, the quotations that appear at paragraph 414 of your statement are lifted at paragraphs 3 and 6 of that annexure, at page 1554. Do you confirm that?

DR YOUNG: I confirm that, yes.

15 ADV SIBEKO: Now, that concludes the theme of the price fluctuation and further observations, regarding price that you were talking about. It now brings us to what you referred to, as a theme, relating to Thomson CSF and its international conduct of bribery.

DR YOUNG: I think, I would like to say ...[intervene]

20 CHAIRPERSON: [Indistinct] Advocate Sibeko, with greatest of respect. I am not quite sure how this part of the evidence is going to help us.

ADV SIBEKO: That, that is the question I was going to put to the witness.

25 CHAIRPERSON: Ja. I think, let us skip all those paragraphs and deal

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with the other issues. Whatever happened in Hungary or in those other places, have got nothing to do with our mandates. It has got absolutely nothing to do with our mandate.

Let us not waste time. Let us skip those paragraphs and deal with the paragraphs, which might help us to carry out our mandate. I think, probably, you must skip all those paragraphs. They are here. We have seen them and let him deal with paragraph 428.

ADV SIBEKO: Do you have paragraph 428 of your statement before you?

10 DR YOUNG: Yes. I do.

ADV SIBEKO: Would you like to deal with the issues that you have raised in that paragraph?

DR YOUNG: Yes. As I said, the issue, 428 here, referred to a later section of these submissions for more detail. There are certainly to traverse those, elicit involvements in a little bit more detail. Although I can say that I think, and certainly with regard to Chippy Shaik's elicit involvements that we have traversed that, under the conflict of interest point. So, certainly, when I get to that, in the later section, I will try to, not to repeat. But, the, as far as Thabo Mbeki's involvements with Thomson CSF, is something I deal with in a little more detail, further on.

ADV SIBEKO: And then, 429.

DR YOUNG: Yes. Just to say that as we have been talking about the, the German investigations, which actually were initiated by themselves and they yielded, not only the reports, but the documents in the bribery agreements and the Teutonic memorandum and whatever else. There

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was also a, an investigation done in France, okay, in this particular case, initiated by let us say, part of the joint investigation, but specifically by the, the DSO, under their Chief Investigator Gerda Ferreira, who I know, had something to do with, with these  
5 Commissions, with this Commission, I mean. But, be that as it may, I have just referred to that, in, in, okay, maybe in some detail in that paragraph 429, which I do not necessarily need to, to traverse in great detail. But, it is relevant to point out that like, for example, the document I used, as the, the presentation in French, disclosing the, first of all, all  
10 the mark ups on the combat suite and the IMS price. Those were documents that were obtained from the French investigation, until, I believe that was under very questionable circumstances. I, I also, also stopped. So, that is my, my point, there, regarding the, the French investigation, under 429.

15 ADV SIBEKO: And in respect of these investigations, you are talking about, conducted by the French in 429. What is the relevance of what you set out in paragraph 430, regarding [indistinct] in this section?

DR YOUNG: Well, I know that yielded a lot of relevant documents. Of course, a few of which, I might have. But, it certainly would be relevant,  
20 if not interesting, for the Commission to know of the existence of documents that yielded, out of that joint investigation, with the French. In respect of the, the Corvette combat suite part of the SDP's.

ADV SIBEKO: Alright. Having dealt with these remarks, you proceed to deal with the special PCB meeting of 19 August 1999.

25 DR YOUNG: No. Not quite. I just said that traversed paragraph 429.

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Then I still want to get to 430.

ADV SIBEKO: Okay. It is not something that I am going to deal with, at great length, but it is something that I have traversed with the Commission in my preparation. I need to point out that many of the  
5 points that, that I talk about above, with the involvement of previous the Minister of Justice Penuell Maduna and Advocate Bulelani Ngcuka, et cetera, and Jean-Paul Perrier. A huge amount of information and material, relevant to that is very recently, being traversed in the evidence, under oath of Ajay Sooklal, who was, represented Thomson  
10 for the relevant period, in a very legal matter. I know that it has been traversed, at least, in the newspaper. Although, anyway, so it is suffice to say that what is traversed in those documents are of extreme interest involved, if, if for any party, or any organisation that is interest in bribery and corruption, involving the Corvette combat suite.

15 ADV SIBEKO: You did not, yourself, participate in this process.

CHAIRPERSON: I am sorry, just for interest there, Dr Young, have you seen these papers? Or have you just read the newspaper? Have you seen the actual papers, dealing with this matter? Or have you seen only the, the newspaper articles?

20 DR YOUNG: No. I have, I have read every single document, arising out of this legal matter.

CHAIRPERSON: Even the documents that are being at the, the arbitration. These are the documents that you are referring to, that you have read them.

25 DR YOUNG: Yes. I have, I was actually given, I have to be, I would



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have to be frank and what. I was given all of those, transcripts of that arbitration, by the Sunday Times, who wrote, who wrote the article, with a view of, you know, they, they got those documents and they wanted to write a story quite quickly, I think. This certainly, it was certainly within a  
5 week or two and they wanted some, if I may say, in inverted commas, expert view on what that meant. So, I am, I have read every single line, out of those several hundred pages.

CHAIRPERSON: How many hundred of pages?

DR YOUNG: I think it is several hundred pages. They might be, even  
10 getting close towards 1 000 pages. I, I certainly have advised the, the Commission, in my preparation, of the existence of that, that material. Because I think, that, okay, although it is arbitration proceedings and that is why I do not even, refer to them in any detail. Certainly, if, well, there are two aspects, I think, no, I supposed I will be accused of  
15 making a, a legal conclusion here. Yes. But, but I think, having read the transcripts of these proceedings, Advocate Geoff Budlender quoted from the [indistinct] law is that once documents escape, or even stolen from their so-called owners, then client attorney privilege gets, gets lost or waived. That it, that is just what I read from the transcripts of these  
20 proceedings. But, of course, there is another way of getting those documents and you know, just getting the parties, the relevant parties to agree, to, to divulge in it to the Commission, which is an investigative body.

CHAIRPERSON: Thank you. Thank you. Advocate Sibeko?

25 ADV SIBEKO: Thank you. Thank you, Chair. I, you, you stopped me,

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when I, I was trying to direct your attention to the discussion. You start, as from page, paragraph 431, regarding the proceedings of the special PCB meeting of 19 August 1999.

DR YOUNG: That is correct, yes.

5 ADV SIBEKO: Anything of interest, you ...[intervene]

DR YOUNG: Yes. It is indeed of specific interest, because it is at this so-called special PCB that the issue of the IMS and, and the risk were supposedly addressed. But, the evidence shows a number of relevant aspects of this. First of all, as I have said, here in my paragraph 431 is  
10 that it is alleged, by certain officials [indistinct] that such a meeting took place the whole categorisation of b and c. Of course, it is particularly important to the, the selection or deselection, as the way one sees it, following such a process. But, very clearly and I think I will prove that what I say in oral evidence, as well as the documents, which I will  
15 provide here is that no such valid, or lawful decision could have been made, at whatever this thing was, that took place, allegedly on the 19<sup>th</sup>. Now, quite a lot of material that I have used here is ventilated sufficiently in the JIT final report. So, we, we can accept that, what the JIT report says, or I can work through this in a little bit more detail. I will wait for  
20 direction from, from the Commissioners, as well as my evidence leader.

ADV SIBEKO: Now, you, you illustrate the, the point you make here, by reference to the transcript of the, the Section 28 transcript of Mr K Hanafey, dealing with these issues. That is at our RMY 93 at page 1, it starts at page 1739. Do you see that?

25 DR YOUNG: Yes. I have got that document in front of me.

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ADV SIBEKO: Now, there, you start making reference to the interview that was held, with Mr K Hanafey and you quote from, I think, certain pages of that document. Would you refer specifically to what page you are quoting?

5 DR YOUNG: Yes. I, the page in front of me, which I have marked here and booked marked is page 1250.

ADV SIBEKO: And that, for purposes of the record, will be our page 1742. What line are you quoting here?

DR YOUNG: The relevant part. Sorry, the relevant part seems to start  
10 right, start right at the top of the page, where they talk about this, pertaining to the meeting. But, it is unfortunately very, very skew and I have blocked it here. So, certainly, the relevant stuff that I am referring to starts just a couple of lines down, possibly at line, line four, or so.

ADV SIBEKO: And the interview is as quoted in your statement.

15 DR YOUNG: Yes, I did, yes, I did this fairly recently and I, hopefully, my own personal transcription of this was better than, than one of my previous ones.

ADV SIBEKO: Now, to, to bring the context of this meeting, you, you start dealing with the meeting at paragraph 433 of your statement.  
20 Perhaps, just to give context to the quotation that you come to, you have actually, if you could just take us quickly through what you set out, as on paragraph 433 to provide context?

DR YOUNG: Yes. Okay. This is actually in a, a conclusion of the JIT, is that, you know, that this type of a meeting that took place, or it did  
25 take place. There serious doubt exists about whether the copy

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constituted. Okay. I can say from, but look, certainly, there is a copy of a presentation that seems to be, have done on this date, on the 19<sup>th</sup> of August and it is appended as in, as an appendix to the next PCB meeting of the 24<sup>th</sup>. So, I think that is reasonable for me to say that  
5 assumption. Let us call it an engagement, did take place. But, I think it is fairly clear from what I traverse, coming up that it was not a, it what, was not a valid process that was followed and importantly, by which the IMS was, was effectively de-selected. Because it was really, this, this is the important so-called meeting, as part of the process, which ended in  
10 that result.

ADV SIBEKO: Now, at, at paragraph 434, you have made reference towards Admiral Kamerman, who testified to, with regard to the special PCB meeting.

DR YOUNG: Yes. He testified, I am just trying to see, when it was  
15 testified, yes, I think, this is, this is about the JIT investigation and there were two instances, where he testified. One was in a Section 28 interview and the one was before the, the Public Protector public hearings. But, be that as it may, he testified and this, this is also according to the JIT final report that a special PCB and here special,  
20 without a capital S, took place, was held on the 19<sup>th</sup> of August, to discuss the risk issue, although no record of such a meeting exists. He and Fritz Nortjè made a presentation and the same presentation was done, five days later, at the PCB meeting of the 24<sup>th</sup> of August, although he, Admiral, Captain Kamerman was not present at that. He testified  
25 that not all members attended. I am talking about the meeting of the,

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the 19<sup>th</sup>. But, there was certainly a quorum, in terms of the PCB constitution. The meeting was requested by Swann and was attended by Swann and Shaik, the Chief of Navy, Howe, Van Der Schyff and Hanafey. That was important, in respect of the Hanafey, the Hanafey  
5 evidence. He is not sure, whether Tomo intended, attended. That is one of the reasons why, I wanted to traverse the Hanafey evidence.

ADV SIBEKO: You mentioned something, further at 435 of your statement, with regard to Van Der Schyff's attendance. Can you ...[intervene]

10 DR YOUNG: Yes. As I have just said, Captain Kamerman testified that Van Der Schyff attended. But, as the JIT report says that he could not remember it. As he says, I think, in his, it is actually, I do not think it is Section 28 interview, but there are some notes of discussions with him that he could not recall the meeting. The, this is all traversed in the  
15 JIT report. I think as far as the next point of 436, Admiral, Captain then, Kamerman testifies that Shaik attended. This is important, because if there was such a meeting that was formalised, it would have to have a quorum. It would almost have to include the chief of acquisitions. Although, of course, the whole contract, conflict of interest issue there,  
20 becomes, comes into play. But, I think in Shaik's evidence he also states that he could not recall that he was there.

ADV SIBEKO: You make reference, at 437 that Kamerman and Nortjè made their presentations at this meeting.

DR YOUNG: That is correct, yes, according to the JIT report, and,  
25 and to their own, and with respect, to their own evidence.

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ADV SIBEKO: At 438, you make reference to Mr Fritz Nortjè, giving evidence also, [indistinct] to the special PCB meeting that was brought by Shaik and Swann.

DR YOUNG: Yes. Importantly, the proceedings were not, as he testified himself, the proceedings were not minuted. Certainly, even if the PCB had been a legitimate decision making body, which, I think, it is common cause that it was not, it was not minuted. That in itself, in my view and not only in my view, Mr Hanafey's view as well, that in itself would make the proceedings irregular. Carrying on, Mr Nortjè says that it was also chaired jointly by Shaik and Swann and as far as he can recall as well, was also attended by Mr Hanafey and Van Der Schyff and the Chief of the Navy, who only stayed for a short period of time. If it is true that Shaik, it may be true, of course, as I have said, a conflict of interest in, would be interesting, because it, much, much of the, the discussions there, went around the IMS, but not only the IMS, but the combat suite. In fact, I think, everything related to the combat suite. Because it related to the b and c parts of the, of the project and that was only in respect of the combat suite. So, if Shaik was there, I think that would be another, another reason why the, the PCB meeting would be irregular. Nevertheless, be that as it may, I then, I think, can come to my point 439, as, as Kevin Hanafey of Armscor testifies.

ADV SIBEKO: Yes. The quotation, you say, you have lifted from the Section 28 transcript at page, our page 1742 and the attached page of 50. Would you take us through those specific lines?

DR YOUNG: Okay. Yes. I have just gone to the first page. I have got

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a bookmark. So, hopefully I can get back there, with one click. But, I think, it is relevant that I have used the term interviewer. People seem to want to know the identities of these people and that was Mr JA, that is Jan, Swanepoel. By that stage, he was working for Price, Waterhouse, Coopers on behalf of the Auditor General. It is, I think, it is relevant to say that Mr Hanafey was representative by Mr Elias Peyaga, the legal representative of Armscor.

ADV SIBEKO: Alright. If you could take us to the relevant passages, having regard to the terms of the [indistinct].

10 DR YOUNG: Okay. If I may, I am going to read from my, from my witness statement, rather than from the document, because it is partly that it was directed, or partly, this document is a bit of a mess, in terms of its [indistinct] of the photocopy. But, I am, if anybody [indistinct] with my, my quotations are incorrect, I would be quite happy to revert back to the document. Okay. As I said Mr Jan Swanepoel, the interviewer says:

*"Did you attend the previous meeting, where this issue, of the PCB, where this whole issue was discussed?"*

And Hanafey replies:

20 *"I cannot remember specifically. But, I generally attended most of the meetings."*

So, the interviewer says:

*"And that was, they tell us, a special PCB meeting and no minutes were kept."*

And Hanafey replies:

25 *"That is highly irregular, because that should not be allowed."*

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Mr Swanepoel says, or questions:

*"That is contrary to the constitution?"*

Hanafey replies:

*"Totally."*

5 Swanepoel asks:

*"Now, we are told that there is an indication, there was in fact, a meeting on 19<sup>th</sup> of August."*

Hanafey replies:

*"I would like to know who attended that meeting, because I cannot  
10 remember this meeting or, or attending this meeting."*

Sorry. The interviewer says:

*"Ja. We were told it was attended by Kamerman, Nortjè, Chippy Shaik (it is spelt incorrectly) Swann and one or two others."*

And Kevin Hanafey acknowledges by saying, okay. The interviewer,

15 Swanepoel says:

*"But, it was not the whole board."*

And Hanafey says:

*"No. It definitely was not. That is not a regular meeting then."*

The interviewer says:

20 *"Ja. That is my impression as well."*

Hanafey says and I think, maybe I am coming to the crux of it:

*"The point being, you must remember, if you have read the constitution of the PCB, the PCB is firstly not a decision making body and to my knowledge and Peyaga, I am looking at you here, is that in  
25 terms of Armscor procedure, the PCB does not take over Armscor's role*



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*to make decisions. In other words, our normal process that we follow should be activated, to make sure any decisions are ratified or verified, in terms of the Armscor process and procedure. As far as I am concerned, this, this meeting should have no status, in terms of that."*

5 ADV SIBEKO: So, Mr Hanafey, who is supposed to have attended this meeting, according to what you have set out, in the previous paragraphs of your statement, disallows having attended that meeting. Is that correct?

DR YOUNG: That is correct to me. Well, I think, I think there are two  
10 things. He disallows it and, as his position is in a proper position to make a pronouncement from the Armscor perspective of the irregularity, of even making a decision at a project board and even more so, at a special one, un-minuted.

ADV SIBEKO: Alright. Is there anything else you wish to add, with  
15 regard to the special PCB meeting of 19 August?

DR YOUNG: No. There is only, except the once off thing, is when I have been preparing my own evidence in the last couple of days, I have made a note for myself here, which is regarding Shaik's evidence, which I alluded to in the beginning. We do not need to traverse that here. But,  
20 what I want to state for the record is what I have [indistinct] Shaik about, whether he was or was not there, is ventilated in his own, I think, it is Section 28 interview, as well. So, if that comes up and I get asked, I, I have got some documentary indication, of what happened there. It is also a discovered document. It is not in our witness bundle, but it is DT  
25 1-0861.pdf.

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ADV SIBEKO: Can you give that reference again?

DR YOUNG: Yes. It is DT 1-0861.pdf.

ADV SIBEKO: Thank you. Perhaps just one housekeeping matter. I, I wish to bring to the attention of the Commissioners that a quotation that appears in paragraph 439 of the witness statement commences at page 1741 of the bundle, as from the line 23 and it ends at page 1743, at line 6. It, it will be apparent, if one has regard to what is quoted in the statement that those are excerpts of the pages that I have referred to. Now, Dr Young, having then dealt with the special PCB meeting of 19 August, you intend to deal with the removal of Byrall Smith as Corvette programme manager.

DR YOUNG: That is, that is correct, yes.

ADV SIBEKO: Now, in so far as this relates to your evidence, what is its relevance to the terms of the Commission, how and why Mr Byrall Smith was removed?

DR YOUNG: In my view, it is relevant, because I am pretty sure, or at least, I hope that my evidence is going to show, indicate, hopefully even go somewhere to prove that certain things went wrong here. One of the reasons it went wrong is that probably, the most experienced Armscor programme manager [indistinct] the Naval systems, was actually removed, as the programme manager of Project Sitron. Although he was the programme manager of Project Sitron in phase one, in phase two, round two, he was still involved in the project, but demoted to the lowly position of technology transfer manager. Despite him, being programme manager for many other relevant Naval programmes. There

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is also inference of it, in the pre-cursory meeting of a, the special Control Board meeting, which I believe is a cogent indicator of why he was removed.

ADV SIBEKO: Now, in that regard, you, you referred to a PCB meeting  
5 1998/09/29. This is a document that has been dealt with previously. That is RMY 11 and it is in file one. It starts at page 136. Do you have the document?

DR YOUNG: Wait, I have it in front of me.

COMMISSIONER MUSI: What is the reference?

10 ADV SIBEKO: RMY 11, it is in file one. It starts at page 136.

COMMISSIONER MUSI: Thank you.

ADV SIBEKO: And you will see, at page one of that document or the first page of that document deals with the aim of what I believe is the meeting. At paragraph 2 it says:

15 *"The aim of the meeting is to obtain direction and guidelines top management, with regard to the future running and managing of Project Sitron and Wills."*

The combat suite had to do with Project Sitron. Is that correct?

DR YOUNG: That is correct, yes.

20 ADV SIBEKO: That the entire Corvette programme had to do with Project Sitron. Now again, having regard to the terms of the ruling, is there a specific paragraph, you seek to address in this document?

DR YOUNG: Yes. It is just the one there, that I have hopefully quoted correctly in my witness statement and this is a pre-cursor to your, your  
25 let us say, still on the quote. But, it is on page 4 of those, I am just

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getting, actually getting the right place.

ADV SIBEKO: Chair, it is paragraph 22, I believe, which is at page 139 of our document.

DR YOUNG: That is correct. Paragraph 22 says:

5       *"Any member of the appointed team, who cannot work for the best interest of the client and National interest, will be removed from the project teams, by mutual agreement of the members of the PCB."*

ADV SIBEKO: How does that fit into the theory that would help?

DR YOUNG: As I have said in my, paragraph 447, I believe this is  
10       precisely what happened to Byrall Smith. He was the most important and influential member of the Armscor component of the appointed team, which became the Corvette Joint Project Team, or the Corvette Integrated Project Team, whichever [indistinct] wants to use at the relevant time.

15       ADV SIBEKO: You say at paragraph 448 of your statement that Byrall Smith, at the time, reported to his superior Kevin Hanafey, the senior manager of the maritime division, who had something to say in his Section 28 interview. Is that correct?

DR YOUNG: That is correct. It is the same, the same interview that  
20       we have just been traversing, with respect of the, the so-called PCB meeting of the 19<sup>th</sup> of August.

ADV SIBEKO: At what page is the quotation you have set out in this paragraph, lifted from?

DR YOUNG: It is page 1255.

25       ADV SIBEKO: And that would be our page 1747. It starts,

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Commissioners, at line 5. You may proceed.

DR YOUNG: Yes. In this particular instance, I think I would just to prefer for the more completeness to, to read from the Section 28 interview, line 2 that I have left out of my witness statement. But, if I  
5 start at line 30 of page 1254 it says:

*“As far as Byrall Smith is concerned (that is the interviewer) I think he told us that he was the programme manager or something. At some stage, he was taken off, put back as programme manager and taken off again.”*

10 Are we all in the right place?

ADV SIBEKO: So, that quotation that you have started with starts at line 30 of page 1746 of our pages. It is the paginated transcript, page 1245. Yes. You can proceed.

DR YOUNG: Yes. That is correct. Anyway, Kevin Hanafey’s  
15 response is:

*“Correct, ja. But, this is over a long period of time and the previous, and projects, which led up to Project Sitron, ja.”*

Carrying on, the interviewer says:

*“Was there any reason for his removal as programme manager?”*

20 Kevin Hanafey’s response is:

*“Ja. He was removed from Project Sitron as a project, as the programme manager, due to a request from the Navy. There was a lot of conflict between him and Kamerman and the Navy came and requested that we remove him, for a number of reasons.”*

25 Carrying on:

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*"Firstly, the conflict was there. Secondly, the fact that Byrall was located in Simon's Town, living in Cape Town and Kamerman was in Pretoria, which led to a lot of breakdown in communication, between the two project members."*

5 Okay. I am, I am reading this, because I can see the relevance of not being accused of cherry picking. So, I am traversing all of this. I am not trying to waste the Commission's time. Carrying on. The interviewer asked him:

*"Do you know what the nature of conflict of interest, conflict between*  
10 *him and Kamerman was?"*

The answer is:

*"Process, procedure, involvement, personality, I think, that is essentially what it was."*

ADV SIBEKO: Having dealt with the transcript, you then come to your,  
15 you state what happened, subsequent to his removal from the project team, at paragraph 449.

DR YOUNG: Yes. He was replaced by Fritz Nortjè, who had been the acting manager for the Corvette, the Corvette combat suite component. As I have said here, Nortjè is actually an electronics engineer by  
20 background, which makes him a very good, encumbered for the position in the combat suite. Because it is, most of it is critical elements that need electronics by nature, but not as good a candidate for the Corvette itself, as a mechanical engineer and Naval architect, like Byrall Smith is, because the vessel itself is predominantly a mechanical system. So, it,  
25 it, know you, the change, it seems illogical, at least, from, from a

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technical perspective.

ADV SIBEKO: Now, anything else you need to add, with regard to the removal of Byrall Smith?

DR YOUNG: Yes. If I just may note, within the greater scheme of things, as relevant is my, under paragraph 450, is, I also find it noteworthy that, at that stage, Nortjè was working for Armscor on a contract basis, actually having been retrenched from Armscor in, around 1995. I do not think that he traversed that fact, in his evidence before this Commission. I think that that is relevant, because he certainly addressed his CV, in working for Armscor in before and after, but not the fact that he was actually retrenched. But, my understanding is that, with his appointment of programme manager for the whole of Project Sitron, he regained his position, as a permanent employee of Armscor. There is one other point, I want, there is one other point that I wanted to make, if, if it gets asked, while it is a relevant thing, because Byrall Smith lived in Cape Town and the project officer lived in Pretoria and that caused a problem. Then I would say that well, the, with the two, okay, not the two, the one, new Navy project, the biggest ones there, since Project Sitron in 1999, Project [indistinct], consisting of all of six vessels, three off shore patrol vessels and three integral patrol vessels and which is currently in the initial stages of the acquisition process, formally, formally is again, Byrall Smith is the programme manager. He still lives in Cape Town. His office is in Cape Town. He loves Cape Town. He refuses to move from Cape Town and yet, the project officer, Captain Mark Venter, is again, based in Pretoria.

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ADV SIBEKO: Now, that brings us to the end of that topic and the next topic we need to deal with is the surface to surface missiles that I believe were reduced, in the acquisition process of the combat suite to try and bring down the price. Is that correct?

5 DR YOUNG: That seems to be all the indications from the documentary record of this acquisition process. But, as I will have to re-emphasize at this point, my analysis, which I am about to traverse now, is unfortunately, missing the, the parts of, of the documents that might add the full [indistinct] dated. There have been, there are documents  
10 that I have been requesting from Armscor and the DOD for close on two years and it, I just been simply ignored.

ADV SIBEKO: Chair, we, we are going to be starting a, a new topic. It, it might require that we end our discussion. There seems to be an adjournment, before we, we end the discussion of that topic. Would,  
15 would this perhaps, be a convenient time to, to take the adjournment? I, I, speaking personally, I, I am quite exhausted, at this point. I, I have just become saturated. I think, it would not serve the interest of both the Commission and the witness if we proceed, in the condition that I am.

CHAIRPERSON: I see Dr Young is smiling. I suppose you agree with  
20 him?

DR YOUNG: No. If you had asked me the same question yesterday, I would have said I, I am at the end, because I was exhausted yesterday. But, but I have to respect my evidence leader, because he is leading me. I would, personally would be happy to carry on for another half an  
25 hour. I think, he, Advocate Sibeko might have a better view, on whether



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we can finish this topic, by six o'clock or not. If we cannot, then I would agree that this would be a relevant time for break. If we can and he agrees, then we could carry on, until the end of this topic. As long as it does not extend too much further than six o'clock, because hopefully  
5 everybody would know that I was joking, the first time I mentioned six o'clock in the morning, I did, that was only a joke. I could not carry on, until six o'clock tomorrow morning.

CHAIRPERSON: Okay. Thank you. Advocate Sibeko, how long, do you think this portion is going to take us, because I see it is from page  
10 112 to 118?

ADV SIBEKO: It, it also has reference to other documents that are [indistinct], Chair.

CHAIRPERSON: Ja. That I understand ...[intervene]

ADV SIBEKO: Alright ...[intervene]

15 CHAIRPERSON: What I am trying to find out, more or less, how, how long do you think it will take us?

ADV SIBEKO: It, it will take us more than 30 minutes, Chair, in my estimate.

CHAIRPERSON: Or slightly more than 30 minutes? Maybe, let us  
20 adjourn then and then we will start tomorrow again, at nine o'clock.

ADV SIBEKO: As it pleases the Chair.

CHAIRPERSON: Thank you. We will adjourn now.

**(COMMISSION ADJOURNS)**

**ARMS PROCUREMENT COMMISSION**

*Transparency, Accountability and the Rule of Law*

**PUBLIC HEARINGS**

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**HEARING ON 12 MARCH 2015**

CHAIRPERSON: May the witness be warned that he is still under oath.

**RICHARD MICHAEL MOBERLY YOUNG**: (s.u.o.)

ADV SIBEKO: Chair I believe that there is an issue that we need to  
5 address before we proceed with the testimony of Dr Young. I have  
asked Advocate Sello to address that.

ADV SELLO: Good morning Chair and Commissioner Musi. Yesterday  
the legal team, after the hearing yesterday the legal teams had a brief  
discussion about the admissibility of Dr Young's evidence in chief and  
10 cross-examination being completed by this coming Friday. It became  
apparent that is unlikely to happen. We then discussed amongst  
ourselves what options are available.

As things stand Advocate Sibeko will endeavour this witness by today  
but I think there is a general sense notwithstanding his best endeavours  
15 that might not be attainable. The DoD has indicated that it will require  
no less than two days to cross-examine the witness. Advocate Morane  
has expressed an interest to cross-examine and he may do so at length  
Regard being had to all that it was generally accepted that chief and  
cross-examination is unlikely to be completed by Friday.

20 In light thereof we discussed with Advocate Ndumbe and requested  
that he put a proposal to the Commissioners on our behalf requesting  
that the evidence in chief of this witness be completed by this coming  
Friday. To reschedule the cross-examination. We are all mindful of the  
fact that as of Monday next week companies are said to give evidence  
25 before the Commission. As it is next week would have been fairly

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impossible for the witness to present himself for cross-examination. We were proposing that if he finishes his chief on Friday the companies continue with their evidence come next week and the witness is requested to return in the week, I think it is the week of the 24<sup>th</sup> for such  
5 period as is necessary for cross-examinations. That the Commissioners apply their mind to the proposal and we beg leave that they accede to the request that is being made by us as evidence leaders and accommodating the other teams. Also in particular not to disrupt the program for the testimony of the companies come next week.

10 I subsequently had a discussion with Advocate Ndumbe who confirmed that he had communicated the request to the Commissioners. I think it might be appropriate before the Commissioners give their response maybe to hear directly from the affected or interested parties regarding the proposal that has just been made. Thank you Chair.

15 CHAIRPERSON: Advocate Kuper?

ADV KUPER: Chairman we support that request what my learned friend has said about the likely duration of cross-examination is [indistinct]. There is a substantial cross-examination on behalf of the DoD to deal with this witness and there are a number of my other colleague who  
20 have indicated that they have significant interests in cross-examination.

We could think also that the massive material that has been introduced by this witness during the course of this week and in the days before we could benefit a great deal to have the time to digest all that information. The result will be that the cross-examination will be  
25 when it is delivered shorter and more concise and I have no doubt

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helpful to the Commission than it would otherwise be. So there is a great deal of value in my learned friend's suggestion. As I say with respect would as the Commission to view them favourably.

CHAIRPERSON: Thank you.

- 5 ADV TSATSAWANE: Thank you Chair and Commissioner Musi. My name is Kenneth Tsatsawane I appear on behalf of Armscor. I just want to record that we also want to cross-examine Dr Young. We support the request that has been made by evidence leaders as supported by Mr Kuper.

- 10 CHAIRPERSON: Any other person who wants to make an input? May we then go back to Advocate Sello.

ADV DRIMAN: Chairman I have [indistinct] Group. We would also like to reserve the rights to cross-examine and this arrangement would be acceptable.

- 15 CHAIRPERSON: Thank you. Advocate if I am going to grant it the suggestion is that after Dr Young's evidence in chief we must refer his next appearance to 23<sup>rd</sup> Thank you.

- ADV SELLO: Chair we, that had been our thinking but it has now been communicated to me that the venue is not available on 24 to 26<sup>th</sup>. Sorry  
20 25<sup>th</sup> and the 26<sup>th</sup>. I beg your pardon?

CHAIRPERSON: Come again?

- ADV SELLO: I am informed by the secretary that the venue is not available on the 25<sup>th</sup> and 26<sup>th</sup> of April. I think that would have an impact on the Commissions suggestions as to when Dr Young must return for  
25 his cross-examination.

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CHAIRPERSON: Can we [indistinct] have you spoken to Dr Young. If we refer his cross-examination to the 23<sup>rd</sup> would he be here. I think the question of the availability of the venue I think that is something that we can deal with. If this venue is not available we will try and get another venue so that we can do that there.

ADV SELLO: Chair we previously had discussions with Dr Young to check his availability and it did sound that they would be and I am not confirming as yet. He has once again confirmed with Advocate Sibeko. Maybe Advocate Sibeko can comment thereon?

10 CHAIRPERSON: To me it appears as if the majority of the people will be available on the 23<sup>rd</sup>. They would be ready to continue with this matter on the 23<sup>rd</sup>. I think that Mr Young must make himself available on that date?

ADV SIBEKO: Chair he just conveyed to me that he will make himself available on the 23<sup>rd</sup>.

CHAIRPERSON: Thank you. Then the arrangements are that we will proceed with Dr Young I think Advocate said that Advocate Sibeko would like to finish today. So if he does finish today we will then adjourn the further hearing of Dr Young's evidence to 23<sup>rd</sup> of this month.

20 ADV SELLO: Chair without seeking to argue with the Chair I did not say that he will finish I said that he will endeavour to finish. That is as he communicated to me. Whether or not he succeeds in that would not be able to tell.

CHAIRPERSON: Sorry I misunderstood you. I see that Mr Young is shaking his head there.

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DR YOUNG: Yes unfortunately that is how I can get the attention of my evidence leaders. I did an analyses last night and if we get about 23 hours a day in we might end the next 24 hours time. Basically I think we would be hard pressed by time for me to catch my airplane tomorrow  
5 from OR Tambo at about 18:00.

CHAIRPERSON: Let us concentrate on this. Let us see how far can we go. I think again that I want to finish Mr Young's evidence in chief before he leaves. If there is need to change the plan to reach that you do not have to that. Ideally it would be much better that if the companies come  
10 and testify they should be in a position to deal with all the allegations that are being made.

That can only be possible if we finished his evidence in chief before the companies come and testify. We must finish his evidence in chief before he goes back to Cape Town. If that means that he must delay  
15 his departure it think we have to do that. Let us see how far we get.

ADV SIBEKO: Perhaps Chair and Commissioner Musi perhaps before we continue from where we left of yesterday. An issue arose during the evidence of Dr Young when he referred to have been an English translation of the 3<sup>rd</sup> German Report. That was Annexure RMY55.  
20 Annexure 55 if one have regard to the date and the content thereof mirrors annexure RMY52. The correct document has been printed and copied and distributed. I believe that it has been placed before the Commissioners. That is the document that was tendered to be included as annexure RMY55.

25 COMMISSIONER MUSI: Number?

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ADV SIBEKO: RMY55.

ADV SIBEKO: That would be file 4. This would then perhaps what appears from page 1156 to the end of 1195. Perhaps these could be marked for purposes of identification of the record as 195A up to L. The  
5 last page is K not L.

You will see that RMY55 or the RMY55 that starts at 1156 as I indicated is the same document as RMY52. So this document starting at 1195 would then be a completion of the serious of the reports that were referred to of his evidence. Do you confirm that doctor?

10 DR YOUNG: That is correct.

ADV SIBEKO: Anything that you would like to add regarding the ruling that was made regarding to documents?

DR YOUNG: Yes I would just like to spend three to five minutes on this document because this is specifically important.

15 ADV SIBEKO: You will not be bringing your interpretation of the documents?

DR YOUNG: No I will just be pointing out to the facts as indicated by the document.

ADV SIBEKO: All right. I will give you five minutes.

20 DR YOUNG: First all I need to indicate and also apologise. It looks like I made two mistakes in this regard. One giving my evidence leaders the wrong file. Secondly which I would like to address now. When my evidence leader brought me to this document yesterday and pointed out the difference in dates between what is the German and the translated  
25 English version I obviously got bit confused about that and I though



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possibly that somehow that I had got the dates wrong.

That is not true at all it is the correct date and it is precisely that particular part of the report is precisely the same as in the German version so I apologise for that. The next point that I want to make, I m  
5 referring to the English version although I would repeat to stress, if there is any discrepancy here obviously the German original stands because this has not been officially translated. If I may say so this document includes primarily names of companies and dates as well as amounts. Very little interpretation needs to be done in converting it to a  
10 understandable English version. That is why I have actually left it precisely as Google translator left it.

If I may say not trying to be trite about the matter. I think the Google translator was much better when I did this document translation about in 2012/13 than the original one. The Notiz document so it look fairly  
15 reasonable to me. As I said there is not too much that needs interpretation from the English. If we are looking at the dates that is an important point.

We are looking right at the very top is says 7/5/2008 that is May. Unfortunately I need to bring that into the context of what Advocate  
20 Morane brought up making a statement to the Commission that the German Investigation of which this is a investigation report 3<sup>rd</sup> in the series had been terminated in respect of all of the parties that I had referred to in at least in the first report. Anyway I asked for a copy of that letter to which he referred and I am pleased to say that I did get a  
25 copy.

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Other than the issue of the name of the client Jens Gesin you will note that the dates of that letter ( my eyes are not that great as I put on the record before) but it looks like 01.02.2008. According to him that put an end to the German investigation regarding the arms deal.

5 That cannot be correct if one looks at the arms deal. If one looks at the date, both are correct in both the German version and the translation of the 7 May 2008 is very clear that this investigation was continuing. In fact the first sentence of this report says, First evaluation of [indistinct] the account number as well as the bank Jersey. That is basically what  
10 this report is all about. I am only going to point to two or three relevant points. There may be three.

It is all about the analyses of the payments and without an analyses basically this is an indication of the consummation of the corruption agreement. I will have bookmarked a few areas I think that it three areas  
15 which I will go not. I will just get a glass of water.

ADV SIBEKO: The matter that you need to deal with is the one referred to at your page 3 of 11 and our page 1195C?

DR YOUNG: That is correct. I am looking at a heading. It says 4 Payment of TRT. The 4 is not the number of payment so that is just the  
20 number of the paragraph. If I may proceed? It says:

"The entrance of the contracted USD300 million bribe was made on 4 May 2000. With the textun, (I think it means the textual annotation I suppose it means) 'B/O Thyssen R as per C+++ the beginning of the number 606318"

25 That is the first point that I wanted to make.

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ADV SIBEKO: Your next point is under paragraph 6 dealing with the E which is our 1195 E.

DR YOUNG: That is correct. Paragraph 6 has a list of about 20 payees the receivers of the money paid in by Thyssen that the court with the  
5 fact in respect with the group of people. I just want to address three of them. I will start off with 6.3. Ian Pierce Elvis. It is actually Ian Elvis Pierce is his proper name received an amount of USD270 thousand of which it gives a date. It then goes into the previous two.

There is a company under 6.2 Stef African which is as far as I know a  
10 Pty (Ltd) company and the director of it is somebody called Lorrial Corea Pierce. Born in 1980 and she is the daughter of Ian Pierce. The next point seeing that it has the lion share of USD388 thousand is a company Stefenal. Fortunately you will see that the investigators it was a preliminary report the company Stefenal is not a cosmetics company it  
15 is a Pty (Ltd) company registered in South Africa. Most interesting for me I just checking. The director is somebody called Paula Sakota was born in 1940 and despite this all happening the years 2000/1 a search that we or I did records that this particular person having received this money in her accounts died of cancer of the stomach on the date  
20 2/5/1993.

Unless you ask of an analyses of what that means I will rest my case. There is one other point that I want to come to. I was resting my case regarding Stefenal. There is just one other point that I would like to make?

25 ADV SIBEKO: Is that in relation to the payment to Hoenings?

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DR YOUNG: No that is addressed there. It is on my page 9 my evidence leader has a colour copy if he can just take me to the correct bookmarks which I have in my computer here. It is on my page 911 so it is the third last page. It start with the sentence saying 'Thus opening the account.

ADV SIBEKO: That would be in our 1195I for the record.

DR YOUNG: It says:

*"Thus opening the account will fall in time with the bribery agreement at the South Africa tour of the accused Hoenings with C Shaik of the dates 27 July 1998 together with Merrian and the signing the treaty. that was the agreement on 8 October 1998.*

*This statement and to the entrance of the TRT payment recorded booking process suggest that the account was set up with the sole purpose to make the expected payoff of the TRT flow into this account and then distribute from there to the actual beneficiaries."*

ADV SIBEKO: Does that conclude the report or is there error matter that you want to talk about just briefly?

DR YOUNG: It does not conclude the report but it includes the points that I wanted to bring to the Commissions specific attention.

ADV SIBEKO: The rest they can read for themselves, correct?

DR YOUNG: That is correct, yes.

ADV SIBEKO: This then brings up to the subject that you were about to touch on when we adjourned yesterday. This would be surface-to-surface missiles. This is in relation to the reduction of the price which also had [indistinct] the fact of reduction of ...[intervenes].

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DR YOUNG: I am just trying to find the right place here I will then put of the sound.

ADV SIBEKO: That also had the fact of adducing the scope of was inquired for the combat suite. This in particular is a matter that you had introduced earlier on in your evidence. If we can just deal with this and round it off. I see from the documents that you have referred to this matter at your DT10505 which is our RMY73 which appears at page 1369. As you will note this is an earlier annexure that we have dealt with previously. I just think we can use this just to round of the point that your started to make earlier in your evidence.

DR YOUNG: Yes, could you just direct me to the correct page in my witness statement?

ADV SIBEKO: We are presently at paragraph 452 of your statement.

DR YOUNG: Like the page number so that I can get to look for the correct page.

ADV SIBEKO: It is 112.

DR YOUNG: Thank you. Okay I have the correct page yes. Would you like to start going through it. Okay. As I have said a number of times in my previous evidence. This is an issue which I have tried to analyse but without the benefit of the most important and certainly the most relevant documents which I have been asking for. This is being based upon a fairly large numbers of snippets of information which I am aware even in the light of irregular redacting of the documents that have been provided to me.

Be that as it may. I have indicated here in my paragraph 452 that it

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looks like according to Thomson-CFS with the price of the surface-to-surface missile was. I actually got a mistake there was R182 million French Francs. I have an RF there to remove the R it is properly again it makes not difference because Frank and a rand are approximately the same at the particular time. Round about R182 for the ammunition.

Yet one of the points for my analysis is that then Captain Kamerman testified at Public Protector Hearings that the price cost of each of these at least the Block 2 Exocet MM40 missile rounds was about R20 million each. So simple arithmetic at least would show that you could not get, that you could only have purchased nine missiles but the evidence that he gave on record is that there were 17 missiles.

Of course that could have been the one off cost of the missile I do not know that. Even looking at other prices in US Dollars of USD3.5 of 5 million or whatever they are still something arithmetically does not make sense to me at least from what I can see. It is not only the missiles themselves. As I said there are fairly expensive launch systems, launchers and launch consuls on board the... just stop for a second. We do not need to go through the next document. It is something that I have shown before. The document at RMY73 is just an indication of the pricing breakdown that indicates that figure of R182 million.

I need to be frank but I am actually going back in time. I also got the inclination probably reading between the lines of what people were kind of indicated whether it was said in words or just body language. I was also advised, ... it became apparent to me anyway that in fact another scheme was used. The indications of that are the reasonable indications

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for me on the documentary record without making bold and wild assertions are that as I pointed out yesterday.

The project control board as well it's annexure A which is the presentation done by the project officers that indicates the scheme as a  
5 lease/purchase arrangement in four different options. The options have not been transparent to me. They have been [indistinct] I do not know what they were. It seem the least expensive of those was used whatever that might be.

In any case the other piece of documentary evidence that indicates  
10 ADS's own relevant documents talk about the removal of the ammunition. I said specifically the most extensive part of it is the surface-to-surface missile rounds and certainly there are indicator of amounts of between R300 and let us stay R320 million at least that seem to have been removed and the reasonable inference from that is  
15 that, that was one of the mechanism and he way that the price was reduced from R2.9 billion to R2.6 billion. So that is also on the documentary record.

Going on to my paragraph 454. I think I have covered this in previous evidence regarding the project control board and the selections thereof.  
20 Also presentations to Naval Board is that the Block 2 MM40 missile was actually both recommended for use and as actually having been purchased, okay there is the ANF the Advanced Naval Missile as well but that is actually a Block 3 missile but it is clear from the documentation which I think I only come to now is that Block 2 missiles  
25 certainly was in terms of the MM40 series in this was the current state of

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art at that stage even though the Block 3 was at initial stages at development and maybe [indistinct] for the French Navy at least. Internationally the Block 2 I would concede or agree was current state of art for the French missile.

5 It is clear that Block 2 were aboard and that is not in accordance with then Captain Kamerman's averments I think we can say that the SA Navy required 17 Block 2 MM40 missiles under Project Sitron. I am not even sure whether the 17 missiles were actually, certainly they were required I am not denying that, whether they were purchased I am not  
10 sure about that.

Indeed some of the evidence that I have is hopefully a trusted source called the Minister of Defence would lease the Minister of Defence Mr Lekota who answered a letter in terms of a, answered by means of a letter or at least a written reply in Parliament to Parliamentary question  
15 dated 13 August 2007. To a Parliamentary question by a member of Parliament in fact indeed a member of SCOPA. Who is allowed to ask these question regard the public purse.

ADV SIBEKO: The evidence that you are referring to Ministers response to a question put to him in Parliament that is document si that  
20 the one, it is your question and it is our RMY94 which is at page 1763 of the bundle?

DR YOUNG: Yes that is correct.

ADV SIBEKO: I know you deal with the issues raised on that. Just briefly.

25 DR YOUNG: Yes very briefly. I am on the first page. I think I have



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adequately addressed the authenticity and the derogation of this document. If we go down to the reply I think everyone can see what the question is but the answer is that it is on the table, the serial I think it is just the answer to the questions. I am just going to deal with the first  
5 question.

Interesting under the title Valour Class Frigate Missile Carrying Capacity. Under column A, surface-to-surface missile the SSM interesting it actually records the capacity of eight missiles per frigate. A total of four frigates. Simple arithmetic shows us 32 yet of course only  
10 17 were purchased. That in itself is an interesting question of how less than the required number are actually required within the project leaving the rest to be required by other means.

Of course if you go to column C it is actual missiles purchased as part of the acquisition project but this specifically refers to six Block 1 Exocet  
15 missiles and 11 Block 2 Exocet Missiles. Sure there are still 17 but certainly there were not 17 Block 2 MM40 missiles as then Captain Kamerman testified under oath.

ADV SIBEKO: You then deal with the evidence of Captain Kamerman as he then was before the joint investigation into the strategic defence  
20 packages. That you deal with in your paragraph 455 of your statement through a transcript which is our RMY95. It is at page 1765.

DR YOUNG: Yes, I have that document in front of me. Unfortunately I get 74 pages. I do not have a bookmark to take me to that. In this instance if I may I rely on my hopefully accurate recordal of what was  
25 said there. I do think, I could probably find those things by a digital

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search but that would of course save a little time. So if it is adequate for purpose I will just rely on my oath that at least does come out of that document. I cannot 100% vouch for every comma and every full stop being at the right place. As I said I have hopefully quoted correctly from  
5 that document.

ADV SIBEKO: This the passage that you seek to rely on to demonstrate that incorrect facts were presented for the joint project?

DR YOUNG: Yes that is one part of it, incorrect facts. As importantly the basis for my arithmetic analysis I think that I am entitled to arithmetic  
10 analysis here not legal analysis. If I may just refer without belabouring the proceedings. I think I have probably addressed the first paragraph. I just want to refer to the last two sentences of that paragraph, if I may?

ADV SIBEKO: Yes.

DR YOUNG: As I said just as an introduction they approached R20  
15 million per piece. So if you reduce by R16 million, sorry missiles or sorry by 50 or 50 missiles you can image that is an awful lot of money. That is what I have been trying to say the last couple of days. I get to a little bit more detail in this particular theme.

ADV SIBEKO: The next paragraph.

20 DR YOUNG: Again we are faced with a situation that now that the two missiles has been specified rather neither of the two missiles that were on the table for evaluation before us there in the missiles that I have indicate to you or the world leading non United State missiles. The Aerospatiale Missile and the SAAB Missile. Between them apart from the  
25 Russian missiles really equipped the Western Navy *per se*. We had

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neither of those two options met our user requirements.

It is self evident that the two missiles that were contented with were not the Block 1 MM40 missiles and the Block 2 MM40 missiles but the rather the MM40 Block 2 and the SAAB RBS50 missile.

5 ADV SIBEKO: Going forward to the paragraphs that you have referred to is there anything else that you need to add regarding this aspect?

DR YOUNG: Yes more in the way of emphasis to keep my train of thought running. In the next paragraph he says:

10 *"This obliged the German Frigate Consortium to go back to the manufactures."*

I think we or I addressed this point and it did not seem that it was actually the GFC that were obliged to come back and ADS and Thomson were.

15 ADV SIBEKO: The remaining paragraphs do they also is there anything that you wish to emphasises there during the point that you are making?

DR YOUNG: Yes I am just going through that. We do not need to go through the whole paragraph starting, If you went under that minimum level that is on record I presume. If we just go the last part of that on the next page. "

20 *That the missile was eventually proposed to the Naval Board which ratified it which in turn was proposed to the, or brought to the PCB which in due course ratified it."*

I want however to emphasise that MM40 Block 2 is the leading European missile and it is supplied to dozens of nations. In fact the front  
25 line anti ship missile for many nations as we speak it is a Superb missile

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it would not want to argue with that. The MM40 Block 2 is an entirely different to the MM40 Block 1, six of which were clearly purchased under this project.

ADV SIBEKO: Carry one there.

5 DR YOUNG: I am looking at the last of the quoted sections there. It says. The MM40 Block 1 was used in the Gulf War that is clearly before the second Gulf war that is the first Gulf War because of simple arithmetic chronology of this and as far as can remember the first Gulf War was held in 1991 and here we are 10 years later.

10 Anyway it says, MM40 Block, sorry in my editing it should have said block) 2 (as you can see there is a gap there obviously did a wrong search and replace. That was what was meant to be there. My oral evidence supersede my witness statement. if I need to put it on the record again, it is a completely different missiles. These are not my own  
15 words. It is a brand new state of the art missile. It has the leading edge on missile technology today.

As I said the Naval Board was not prepared to compromise on our primary weapons, clearly they did.

ADV SIBEKO: This theme is continued in the further interview that  
20 Captain Kamerman had with other investigators and those regard being referred to you DT10770 which is our RMY21. Is that correct?

DR YOUNG: That is correct. I do not think that I need to ventilate this particular point. What I have in front of me is what I have said and it probably suffices for these purposes. I think if I may I should carry on  
25 my train of thought at least carries on my paragraph 457?

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ADV SIBEKO: Before you carry on to 457 I just need to point out for the record that RMY21 is a voluminous transcript which was put in its own separate file. Which has been marked File 1A. Once more for purposes of the record it is a document entitled, Investigating Directorate Serious  
5 Economic Offences and Inquiry in terms of section 38 of Act 32, 1998 in respect of the South African National Defence Force.

It sets out the Chairman Mr JE Swanepoel, examiners Mr J Swanepoel and Ms A Van der Kolf. Mr W Oosthuisen. Mr B Downer and the witness is referred to as Rear Admiral JEG Kamerman.

10 That specific reference is mentioned at paragraph 456 of page relied on in the transcript. Yes, Dr Young you were going on along with your train of thought in paragraph 457.

DR YOUNG: Yes that little break gave me chance to read through 457 and being mindful to at least to me is a new ruling regarding the way I  
15 treat my evidence. it would seem to me that this could be an instance of analysis possibly even the legal interpretation of the word irregular. Unless I am directed to do so I think it would be appropriate to carry on at my 458.

ADV SIBEKO: So what you set out in 457 will be the observations that  
20 you have made with reference to the documents that you have referred to earlier on in your evidence regarding what was stated in respect of the Block 2 missiles?

DR YOUNG: That is correct. If I may say although I do not want to do an analysis or draw conclusions I use the term irregular and I bring this  
25 point to the Commission because as far as I know one of its terms of

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reference is dealing not only with corruption and bribery but also irregularity in the processes. In my view if my analysis is, my overall analyses is correct then this could be an indication of questionable acquisition practices.

5 ADV SIBEKO: In paragraph 458 you deal with the time when the Exocet missiles were ordered. Is there anything that turns on that paragraph?

DR YOUNG: No it is just as an indicator of what would have pointed to what other indicators there are in the public domain and I have been advised that one seldom relies on the media. If I look at the SABC  
10 dealing with my evidence I know that is definitely a true [indistinct] but anyway it is an indicator at least that what fairly authoritative[?] defence Journal says and not a national broadcaster says. Jades Intelligence Weekly says that:

*"The South African Navy has placed on order with EADS for the latest  
15 generation Exocet anti-ship missiles to equip four new Meko A200 patrol corvettes."*

If it is true and as the words say then it is interesting that it was the Navy placing the order and not actually African Defence Systems and Thomson. Of course the press seems to get things wrongs as often as  
20 it gets things right and that is being generous.

ADV SIBEKO: In the following paragraph 459 perhaps up to 461. These would be you concluding observations in fact of the issue relating to how many Exocet missiles were purchased. Is that correct?

DR YOUNG: I think that is a fair statement to make.

25 ADV SIBEKO: You conclude there that Admiral Kamerman was not

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placing correct facts before the investigators before whom he was appearing?

DR YOUNG: That is my observation not my analysis of the clear English meaning of the words that I read.

5 ADV SIBEKO: Having dealt with this matter. Is there anything else that you wish to add?

DR YOUNG: No I think that is sufficient for the purposes of this theme before we can address the next theme.

ADV SIBEKO: Would the next theme be the one that commences at  
10 paragraph 462 of your statement, where you state:

*"Another aspect that needs to be considered is whether SSM and it missiles were actually acquire under the SDP Corvette Program through ESACC or differently."*

DR YOUNG: No I think that I have addressed that point. In fact my  
15 admittedly quite scanning of the paragraphs right to including 467 are as you correctly say a summary maybe a conclusive summary of the evidence that I have addressed on this theme.

ADV SIBEKO: That would then bring us to the subject of the IPMS simulator the discussion of which starts at paragraph 468 of your  
20 statement.

DR YOUNG: Just thinking about what I said now. It might seem as though I am leaving things out. I am doing that two respects. I am not trying to leave things out because I think that I have adequately addressed them all. Also I am mindful of the ruling and I am also  
25 mindful of what was discussed in terms of completion of evidence. I

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think it is probably appropriate to say from at least my prospective.

My own analysis of the balance of my evidence that it would be impossible to finish today, 100% impossible. If I carry on addressing the rest of my evidence in the same manner as I have been doing for the  
5 last hour there is a possibility that I might catch a plane at 19:00 tomorrow night.

ADV SIBEKO: You do confirm the issues that appeared to be left out as per evidence would have tendered before the Commission?

DR YOUNG: Yes the reality is that there still cross-examination to go.  
10 So that if anybody though that I was purposely cherry picking that I suppose there is another bite at that cherry.

ADV SIBEKO: Let us deal with ...[intervenes].

CHAIRPERSON: Just hold on Advocate Sibeko. I do not quite understand what Dr Young is saying. His statement is before us.  
15 Whether he reads it into the record or not the statement is before the Commission. So what does it mean when you say that you say he is leaving out certain information or part of his evidence. That I do not quite understand. We have accepted his statement and he confirmed that he signed it. It is part of this evidence. It is just that he has not  
20 expanded on that.

ADV SIBEKO: Okay.

CHAIRPERSON: It is not true to say that you know that he is leaving out certain of his information because of time constraints. When he gets the 19:00 to Cape Town tomorrow night or not this evidence, his  
25 evidence is before the Commission. So may I just stop and clear that



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confusion. The fact that he does not read this paragraph it does not mean that it is not evidence before the Commission.

ADV SIBEKO: Do you accept that document?

DR YOUNG: I am seeing that, that has been brought up. I do need to  
5 state for the record as I have said. That my oral evidence succeeds my  
written evidence. If I differ in my oral evidence to my written witness  
statement then the oral version takes precedence.

Also with regard to the Chairperson's observation about signing my  
witness statement. I addressed this point particularly with I think with my  
10 evidence leaders at my last working session with them. It was actually  
my observation and my preference that I did not sign my witnesses  
statement because I considered it as a aid memoir that is a point that  
my evidence leader Advocate Sibeko actually made on one of the first  
days. The persuaded me to sign it and if I may put it on record that my  
15 signature there on the last page does two things.

It indicates the dates in which I have submitted it and secondly it is an  
indication that it is my witness statement. It is not an indication that it the  
*de facto* the truth the whole truth and nothing but the truth. It is on its  
own accord without due cognisance of my own oral evidence as well.

20 CHAIRPERSON: Advocate Sibeko I do not understand this. Let us  
proceed. I do not quite understand this.

ADV SIBEKO: Thank you. We are now at paragraph 468 of your  
statement. The IPMS stimulator discussion. You then made reference to  
your DT0473 which is our RMY98. Which appears from page 1869 I  
25 see that is also part of the document. Could you begin your discussion

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there?

DR YOUNG: Yes in this case I need, it is a theme that I do not think has been addressed in my previous evidence. At least as a work up for my own for myself I need to kind of start at the beginning on this theme.

5 Not necessary at the very beginning but at least relevant for these proceedings.

On 21 June 1999 then Captain Kamerman wrote a letter in as far as I concerned it looked like the letter we talked about. I will... so as you correctly pointed out it is the letter at that particular reference and if you  
10 want me I will pause to try to prove its authenticity and its origin.

ADV SIBEKO: Perhaps it would first help to state out how you got hold of this document?

DR YOUNG: Well as we can see right at the very top one of the indicators is it says IPMS 2 and from my recollection this means it was  
15 an annexure to a transcript of an interview under oath with somebody. Normally it has a person's initials there but this one does not seem to have it. That is the only indication that I have but I am also from memory now I am pretty sure that this is a document provided to us either under Pie Act or a similar such exercise.

20 ADV SIBEKO: What matters do you wish to raise regarding this document in relation to the IPMS simulator?

DR YOUNG: I think I am correct in saying that my quotation from it seems to accord directly with the document itself. Now that I have the document in front of me it is written by then Captain Kamerman on  
25 behalf of Department of Defence to the German Frigate Consortium.

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Now I need to say from the outset that we are no longer on the Corvette combat suite this is something to do with the platform, Corvette platform not involving Thomson or ADS it will be involving Blohm & Voss and the German Frigate Consortium at least in its earlier incarnation and  
5 at least there is some small proof that I had been a participant in not only the combat suite even in this microscopic way.

Nevertheless this letter is headed, Request for quotation from C-Squid I-Squid for an IPM simulator and it starts off by saying the GFC offer for an integrated platform management system IPMS training  
10 simulator was not accepted.

The SA Navy has progressed in considerable way that they developed generic integrated platform management system called Platform Management System Software with a local company namely C-Squid I-Squid in Cape Town. At this point this is recorded as my own  
15 view my own memory of the true situation prevailing at the time.

It carries on by saying:

*"It is our intention to transfer key technologies to South African industries as part of the Patrol Corvette Program and where it is feasible and cost effective. The IPMS and associated technologies consider  
20 such a system. Discussions with C-Squid I-Squid, (my co-director at the time Mr Gerhard Kruger or his correct pronouncement it seems that there is the diarises is Krüger.) Has indicated that a locally produced training simulator for Patrol Corvette IPMS is feasible and a budgetary quotations indicate that it may be the most cost effective solution to  
25 obtain such a simulator."*

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This based on the same look and feel MMI as Man Machine Interface with the MECO IPMS but not running on local generic software... sorry running on local generic software.

5     *“C-Squid I-Squid was instructed to prepare a statement of work for and concept description of the iPMS simulator, IPMS Sim which now reflects the Navy’s requirements.”*

ADV SIBEKO: You mentioned further in your statement that on 23 June 1999 your company was requested to submit an offer for the IPMS system. How did matters go from there?

10    DR YOUNG: Yes that is correct. I am just looking that is correct. Just looking at the next document down and that is not the our offer, not our request for offer but be that as it may. That might come up later which certainly is a document that I have. Probably even one that I have discovered. It was on two days later on 23 June 1999 C-Squid I-Squid  
15    Systems were requested to submit an offer for the IPMS simulator to Blohm & Voss memo the German Frigate Consortium.

It looks like the very next day we indeed dually submitted a quote to the GFC for the IPMS simulator in the amount of this is rands the R has been left out there. For R4.985 million. The document to which I refer  
20    is the next one indicated in my paragraph 471 and that letter is dated 29 June 1999. Something that I am realising now although that date came later than the Project Control Board meeting of 8 June 1999 as I indicated before.

We need to open this letter again. We have seen in RMY10 which  
25    was at the beginning of my evidence I need to open it again.

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ADV SIBEKO: RMY10 is at our page 131.

CHAIRPERSON: Page?

ADV SIBEKO: Page 131 in RMY10 in File 1.

DR YOUNG: Thank you. As this letter says. It is entitled Project  
5 Control Board Decisions regarding the Project Sitron technical baseline  
and says:

*“At a meeting recently held regarding the selection of mayor products  
and new suppliers the Corvette program the following were selected.  
See attached lists for all supplier concerned of the above decision.”*

10 Hopefully being a supplier on the list hopefully that would have given  
me personal knowledge thereof. As I have said the decisions that were  
recorded here in the annexure to this document can actually be  
categorised into two different categories as I my evidence on the first  
time that I traversed this matter stated clearly.

15 The decisions made the at the Project Control Board either emanated  
from the Project Control Board itself or in fact mainly were ratifications  
from decisions made at previous Control Boards I think mainly in May or  
April. Be that as it may that was in respect of where there were  
competitive bids. Where there were not competitive bids and basically  
20 there had been selection of whether one wants to call them preordained  
or nominated or candidate suppliers where there was only one  
candidate. The instruction was in those meeting and there was that  
meeting of 8 June was that where there was no competition the project  
officer was instructed to advice the chief executive of Armscor. The  
25 identities of those sub systems and they are indicated in these tables.

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The only particular one that I want to address in this particular context is the last one on my page 305.

ADV SIBEKO: That is at page 133 of that document.

DR YOUNG: Yes that is correct. it says there IPMS simulator  
5 C<sup>2</sup>I<sup>2</sup>(number 1) I think that I have said this before. But C<sup>2</sup>I<sup>2</sup> in my view is the same as C<sup>2</sup>I<sup>2</sup> (letter I) or C-Squid I-Squid or CCII systems.

ADV SIBEKO: Something the happened after this letter was issued appearantly by Mr Swan from Armscor. Tell us about that?

DR YOUNG: I would not use the term apparently I think that there is no  
10 questioned about it that it was issued by Mr Swan and the important part of that is that he is the Chief Executive of Armscor. In terms of MODAC he represents the Armscor Tender Board which is responsible for that kind of acquisition practice.

Nevertheless be that as it may despite the German Frigate  
15 Consortium and hopefully Blohm & Voss being advised of those selections they waited a whole year until 30 June where they request a validity of the extension of our offer. Then again without traversing any details I cannot remember them in the interim period again they asked an extension of our validity until 30 June and then another extension  
20 until 30 March 2001.

Now of course we had submitted our quote which would seem on the face of it accepted by the relevant party at least Armscor even with the Project Control Board who was not a truly a decision making board that I think is now irrelevant in that Chief Executive of Armscor has actually  
25 validated that selection. Validated that selection on a process outside of

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the Project Control Board. So it need extra emphasis indeed.

Nevertheless as I state in the beginning our offer was done on the basis of a scope of work and other what we would call it baseline requirements that we were asked by the DoD to draw up and obviously they accepted that because it says that this had now become their requirement. Nearly two years later 19 February Blohm & Voss supplied us for the first time with their detailed requirement specification. They requested us to supply a largely final offer by 2 March. Which we did after us asking for an extension of three days.

10 Nearly a year later in fact over year later we were finally informed that we were not awarded the IPMS simulator contract. Now this is relatively small it is small potatoes in legal speak. It is only R5 million but it certainly shows the interesting acquisition procedures that were at play at this stage. Just to show the independent indication that it looks like three or four of them documentary type indications that we were selected.

The first one is somebody who I necessary would not call a colleague or even a friend or maybe the other way around is Pierre Moynot of ADS who I am being frank who were at the stage an antagonist. We were antagonist of each other. By 26 July he states in a letter to my attorneys which I do have in front of me. I see it is written too ...[intervenes].

ADV SIBEKO: It is your DTI0503 is that correct our RMY99 which appears at page 1911?

DR YOUNG: That is correct yes. This is a letter that is written to my attorneys at the time Herald D and Rawhead attention of my particular

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attorney Ernest Whittaker from Pierre and Meiring. In fact it was... this letter from ADS was a response to a letter an attorneys letter. Sorry. Simply asking them what was the situation regarding the NDS referred to the first bullet point there and I think the second bullet point refers to the IMS. Nevertheless for the purpose of this particular part, this particular theme he says in the third bullet point:

*“To my knowledge they have also been selected as preferred supplier for another sub system part of the platform as sub contractor to GFC.”*

Now this can only refer to the IPMS simulator because we were never asked for a quote on any other sub system and we never submitted a quote or an offer for anything other than our IPMS simulator. So here is an indicator to somebody who is certainly by this stage part of the consortium not necessary part of the GFC. I apologise for the noise here. But certainly part of the consortium with the GFC so he would have had inside knowledge of this.

ADV SIBEKO: You then proceed to deal with the evidence that was given by then Captain Kamerman in his testimony to SCOPA regarding this issue on at a hearing of 2010-10-11?

DR YOUNG: Yes. It might seem that this is a document that we have not included but I am pretty sure it is a discovered document and certainly if I do not refer to it later and it is not a document in the evidence bundle I can or we can certainly find it in the discovery schedule and I am pretty sure that it is a pretty long document. At some stage at least we can make the requisite number of copies. I was at the SCOPA hearing myself being held in Parliament and I heard those



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words with my own ears as far as I can remember.

Also his testimony there was clearly this is the point in the end of 2000 which of course he was testifying regarding the state of facts as they existed that time and not as I have just alluded too before as things  
5 have actually transpired a whole year later. Well not a whole year later but in April 2004, six months later. Nevertheless at this stage clearly Captain Kamerman's evidence again was correct because he obviously knew about this. They said they are also critically involved in the software development of the machinery control system.

10 Now without analysing this hearings or whatever it is. My statement is a little bit bold at this stage. Having been there and having been involved. The machine, the only machine we controlled system and software development that were involved in, in terms of the subject of the SCOPA hearings which was the SDP's in general and the Corvette  
15 acquisition in particular involved the IPMS simulator. So it can only apply to that.

ADV SIBEKO: At paragraph 477 you deal with a draft Project Sitron Contractor Supply or security plan. Where C-Squid I-Squid is referred to as the contractor for the supplier of the IPM. I believe that is your  
20 document 0709 which is supposed to be our RMY100. Perhaps before you respond to that Dr Young I just need to draw the Commissioners attention that RMY100 was inadvertently omitted from the bundles. It is presently being copied. It is a 35 page document. We will include it in the bundles during or as soon as they are ready.

25 The relevant section of that document would is included in the

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paragraph that the witness will be talking to shortly.

DR YOUNG: That is correct but for the correct logic and maybe chronologic and although our RMY annexure numbers may be slightly out of quilt in this specific instance. I certainly have a reference 477 of  
5 RMY102 so that might come up again a little later. Nevertheless the document precede so if I may ask.. this is going to be a hard ask unfortunately because it is just one page that I want to refer to out of the umbrella agreement. That my evidence leaders asked me to annexed the entire document because it is relevant in more than on context. I  
10 just want to refer to one page. It is 384 page document.

So it might be even it certainly takes up one lever arch file somewhere so if I may ask that we address this one first rather than the contracted security plan.

ADV SIBEKO: Dr Young are you referring to the document you referred  
15 to as annexure RMY102?

DR YOUNG: That is correct with the discovery schedule reference of DT1/0568.

ADV SIBEKO: RMY102, Chair and Commissioner Musi and colleague appears in File 6 and it starts at page 1917. For purposes for what the  
20 witness seems to rely on we have only copied the relevant parts of that document.

ADV KUPER: We do not appear on our side to have a File 6 at all.

### **COMMISSIONER ADJOURNS**

### **COMMISSION RESUMES**

25 RICHARD MICHAEL MOBERLY YOUNG: (s.u.o.)

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ADV SIBEKO: Thank you Chair for the indulgence. Just one or two matters of housekeeping. The first one would relate to the document which was provided it I think it was the day before yesterday and then copied the day before yesterday it was provided and yesterday it was  
5 copied after the witness dealt with it. If you recall it was the letter from the Public Prosecutor's Officer of [indistinct] relating to the preliminary criminal investigation of your client Jan Gesin.

This documents or copies thereof have been distributed and I saw that the one witness was referring to this document earlier this morning.  
10 It was just a loose document which does not form part of any bundle. We have decided for purposes of the record that it forms or it becomes RMY151. It will follow on the documents that are in File 7. It will be numbered just after the last page there this will become the first page thereof will become 3037.

15 Then there is the document which had been inadvertently not included in the bundle that was RMY100. That will go into File 5. Now that will come in just after RMY99 which is at page 1911. Now it would then become if numbered correctly and in order not to upset the number that already is in the papers it will be 1911 starting at A following  
20 it was 35 page document. It will be 1911A and end at 1911(ii).

CHAIRPERSON: Thank you can we continue with the evidence.

ADV SIBEKO: That is the documents that has been referred to at the end of his paragraph 477 of his statement. We have the documents before you?

25 DR YOUNG: Yes I do. Sorry are you talking about the contractor

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security plan or the other one?

ADV SIBEKO: Yes, I am referring to the contractor security plan.  
RMY100.

DR YOUNG: Yes, I do.

5 ADV SIBEKO: The relevant portion of that document dealing with the theme that we are dealing with here is, do you have a copy of the document?

DR YOUNG: I do yes. Just remember that I actually wanted to deal I think with 102 before 100.

10 ADV SIBEKO: Okay. Yes. 102 is in File 6. It starts at page 1917 you may proceed.

DR YOUNG: Okay. This particular document I have the 384 page version in front of me. It is a ...[intervenes].

ADV SIBEKO: Have the Commissioners found the relevant document?

15 COMMISSIONER MUSI: It is just differently marked on our documents. Differently numbered. But he have got it.

ADV SIBEKO: RMY102 Commissioner Musi, it should not be differently numbered. It is supposed to be the same document. Page 1917. File 6.

COMMISSIONER MUSI: I am sorry I though you are talking about  
20 RMY100.

ADV SIBEKO: I apologise.

DR YOUNG: I have my PDF page 200 out here in front of me. If you have only got one so page. It would be the annexure A part, 6. Annexure A is the building specification for the Meco A200 SAN and  
25 part 6 is with reference to the IPMS simulator.

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ADV SIBEKO: What the witness is referring to appears at page 1922 and 1923 for the record. Yes you may proceed. I believe this document has been entered into the record.

DR YOUNG: I will accept that. Anyway as I said, it says part 6, IPMS  
5 simulator. Importantly for the record this is a document that I received from the DoD under Pie Act. It is a complete extensively a complete umbrella agreement.

As I have said before and I need to mention again in this context the judgment and the order gave no direction or mention or reduction or  
10 severance. I am have been asking for this particular part of the umbrella agreement for several years now. Both of them to the Pie Act as well as the context of this Commission of Inquiry. A specific document that I refer to and it has never been provided to me.

Be that as it may I have to deal with what I have and also what I do  
15 not have. What I do not have is the pages clearly following part 6 because the very next page I have is annexure B without anything in-between these obviously had pages. Nevertheless we are talking about 3 December 1999 umbrella agreement. That comes after the selection by , in terms of the letter of the Chief of Armscor and it comes later than  
20 the other items of evidence.

So certainly if there is a selection by the Armscor or DoD in fact at the directive of the Project Control Board of the project officer to provide this information one would expect that the GFC to whom this letter was directed would have included the IMS simulation the one that we  
25 quoted. That is all of this umbrella agreement has to say in this regard.

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I will pause there for an instance while I get to and we all get to the next relevant document which is RMY100.

ADV SIBEKO: As pointed out earlier Commissioners RMY100 is in File 5 page numbers there are 1911 starting at A. Chair the documents does appear. They are erroneously marked as 1910. It ought to be 1911 following on RMY99. You may proceed.

DR YOUNG: Just to address the authenticity of the document I only really want to address on line. If we look at the very first page unfortunately the document is a security classification of confidential. Which is suppose being a security plan would make sense to some at least. It is also stamped with the stamp of ADS registry being the entity whom handle the documents and it was them, ADS who provided this document to us because it was in the context of the entire Corvette and the combat suite and it does mention the IPMS simulator as well.

As importantly although this document status is indicated on page 1 as draft it has a date of issue of 20 January 2001 which is quite a long time after the umbrella agreement was signed and even longer after the DoD and Armscor has made their selections. Taking myself to my bookmark under IPMS simulator which on my page 10 of 35 I will maybe pause there to make sure that everybody is on the right page.

ADV SIBEKO: Now that would be 1911 for the record. Now that has gone to type page 10 of the document.

DR YOUNG: That is correct, 10/35.

ADV SIBEKO: Yes what point?

DR YOUNG: In the table above there item 438 is the IPMS simulator

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and indicating the sub contractor as being the following three parties. Siemens; FRGB Germany and South Africa combination of those and C-Squid I-Squid RSA. I just want to point out that here is another documentary indication that the IMS simulator was part of the baseline  
5 and it just had to be if it was in a document of this nature at this particular point in time.

ADV SIBEKO: It had become apparent that C-Squid I-Squid was de-selected in respect of IPMS simulator. Something was mentioned at the time by Admiral Kamerman before JTI0487. Would you like to deal with  
10 that with your DTI0487?

DR YOUNG: Yes it is probably appropriate at this point to say that the point that I am going to come to next is what he said in respect of the IMS simulation at the Public Protector's Hearings. I think it is appropriate that this issue is also addressed by him in his evidence  
15 before this Commission. I have another few that we knew from my witness statement as my responses to his evidence. I think it would be appropriate that I deal with it now while the issue is fresh in our minds and in front of me here.

There are of course two ways that I could deal with it here under the  
20 theme IPMS simulator or I can deal with it there under the theme of my response to his evidence. But with the imperative of going forward as fast as possible my own view is that we would deal with it quicker dealing with it now. So I will wait for a directive from my evidence leader and the Chair in that respect.

25 ADV SIBEKO: I think we are dealing with that subject matter already we

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can just for purposes of completeness just deal with it now.

DR YOUNG: I think that is a good idea. I do have the correct witness statement and paragraph numbers here right in front of me. It will be paging forward a little bit but at least I have the correct hard coded  
5 numbers. Hopefully we can get there and get back again. I do not have to go there because I have copied them.

Nevertheless with that direction I would deal with first if I may say maybe my interaction to the sub theme was my paragraph 478:

“It was clear that C-Squid I-Squid Systems was de-selected and also at  
10 a very late stage. Why I say that is that my point is that we had been selected and clearly we were not at the end so it must be that we were de-selected and it certainly happened several years later. What then Captain Kamerman or Admiral Kamerman said at the Public Protector Hearings is that he says under oath that I am now ...[intervenes].

15 ADV SIBEKO: Just perhaps to enable us to find the page. That transcript is what we have dealt with earlier. It is RMY95.

DR YOUNG: That is correct.

ADV SIBEKO: It starts at page 1765 of the bundle of documents in File  
5.

20 DR YOUNG: I have got two quotations here. One indicating page of the transcript as 1215 and the second one as page 1217.

ADV SIBEKO: The typed page 1215 corresponds with our numbering 1818. Can you refer to the line where the quotation comes from. If you go to line 10 of that transcript.

25 DR YOUNG: Okay. I do not have a bookmark there so it will be quicker



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just to use my witness statement if that is okay.

ADV SIBEKO: Yes your witness statement is taken as from line 10 our page 1818 and the typed transcript page 1215. If you look at line 10. It starts with sentence:

5     *"But I am now going to come to the fact the he alludes that the IPMS simulator was selected by the state."*

DR YOUNG: That is correct. I will read it again for my own evidence.

*"But I am now going to come to the fact the he alludes that the IPMS simulator was selected by the state."*

10     Then he goes on to say:

*"That letter (I am not sure exactly which letter I suppose we can work that out) however was in no way a selection by the state."*

ADV SIBEKO: That passage appears at typed page 1217 of the transcript corresponding with our page 1820. It starts at line 11.

15     DR YOUNG: It reads:

*"That letter however was in no way a selection by the state or a prescription on the main contractor. It was merely a suggestion that the main contractor considers C<sup>2</sup>I<sup>2</sup> as a potential supplier."*

20     I think what I do need to say is that what I have just traversed before clearly shows that there was indeed a selection by the state.

ADV SIBEKO: In your theme of dealing with the IPMS simulator in terms of evidence that was presented before the Commission as it proposed to round this off for purposes of completeness. Would you like to refer to paragraphs in your statement when doing this?

25     DR YOUNG: Yes. I prefer in here this is a direct copy from the point in

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my own witness statement starting at 717. Should I pause there and just make sure you are all there?

ADV SIBEKO: 717 appears on page 185 of the statement?

DR YOUNG: As I said I am referring to his evidence to this Commission  
5 and I have that in front of me. I am not sure how we deal with it. My understanding transcripts of witness previous witnesses are on the record. I have not discovered that document.

ADV SIBEKO: What is it that you want to say regarding the evidence of Admiral Kamerman before the Commission?

10 DR YOUNG: It is not much as I have said in my 717 is that I dispute the allegation that we lost the IPMS simulator on the grounds of performance price and time scales. That is something that Admiral Kamerman testified on page, which is recorded on page 6181 of the transcript of his evidence.

15 As I have said before my paragraph 718 it was three years later in 2001 when we were asked for another quote. Then we applied by the 30% increase which was quite normal and justifiable and for that period of time the issue my when my directions Alistair Knight being overseas on a courtesy visit to Blohm & Voss attending a meeting. I do not need  
20 to ventilate in that great detail.

However he did attend that meeting and he was bulldozed into attending a meeting for which was not prepared and I did not know about. It was on this basis that there was some indication that we had not done what is recorded, well he was forced to concede that we done  
25 any work on these type of simulators which is we had not, however

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there was no concession that there was deficient design that is what Admiral Kamerman alluded to in his evidence. Certainly his own evidence it says which I traversed just before tea that we indeed had been working on the IPMS simulator, not the IPMS simulator but IPMS  
5 and that is why we conceded when we work on the simulators we were working on the technology of integrated platform management systems.

Then of course the relevant software so whatever reasons were used there were either not true or certainly not relevant. As I have said in my paragraph 720 however we had been working on IPMS technology,  
10 software and consuls for several years and even been selected by Armscor to lead the industry group on the IPMS technology. Hence we were ideally placed for this relatively simple non mission critical thing like a IPMS simulator.

My paragraph 722 is the allegation that we lost because of deficient  
15 design, high price and that. That was news to us. It was never communicated to us at the time by anybody proposed late delivery was based on the fact that we could not deliver when the contract was not placed. As I have said before despite us being selected into 1999 we were only supplied with the first Blohm & Voss requirement specification  
20 I think it was 2001.

So is difficult how a conclusion can be made that our deliver was late. Of course not only did that requirement specification came late. Of course what was contained in it was also a factor. it was there would have been some diversions of what we have quoted and what was  
25 required. So that would have led to both time scale implications and of

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course cost implications. Of course I also find it surprising and if I might ingenious for Karmerman to say that they, they that is C-Squid I-Squid could not place the risk in the hands of 20 man company when C-Squid I-Squid had been led to believe that ... I have actually copied one  
5 paragraph to many. So that applies to the IMS I apologise for that.

If I may turn just to complete the point to what was actually said in the recordal of the evidence at these hearings. I will pause for a moment there.

ADV SIBEKO: Can you just provide us with the page number of the  
10 transcript that you are referring too?

DR YOUNG: Yes it is page 6180 and it starts at line 15 which included the word IPMS simulator.

ADV SIBEKO: Yes.

DR YOUNG: He refers to IPMS simulator and he says:  
15 *"He leaves at that stage (he being me) he leaves [indistinct] out this allegations now."*

Of course it is quite significant because that allegation in the subsequent debunking of it in public would have otherwise led to the conclusion anybody reading these allegations that there is a distinct  
20 hostility between and GFC as well. That is another chapter completely but in fact we organised him we introduced him to the German Frigate Consortium as a candidate for IPMS simulator. However it was entirely in their hands to select or not select him.

I think I can stop there. There has to be a untrue because clearly it  
25 was not in their hands the GFC's price was too high or was not accepted

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and based on what I introduced in the subject two on the Navy or the DoD specific instigation they first of all they did indeed introduce us and the whole reason of technology, technology transfer and technology retention. Clearly it was not left in their hands. The selection was made  
5 by Armscor.

The next point is on top of page 6181 I have talked about that a little bit before but he carries on and he says had he lost on the grounds of performance, price and time scales all the three. Now that just cannot possibly correct whether it was price. I am sure that there was a 30%  
10 increase in price prevailing in those very inflationary times. Over a three year period and a change of technical baseline. A 30% price increase over that period was not and was fully justify and fully transparent in terms of number of man hours and man hour rate increases et cetera.

Performance I am not quite sure what performance it cannot possibly  
15 be contractual performance because the contract had not been issued so we had not started yet. If it was the performance that we were offering that has to be in terms of a baseline of a contract. Sorry not a contract a specification as we can see GFC changed or re-issue its contract and our quotation was based on the statement at work and a  
20 concept description as we have been described for.

Certainly nothing had changed and time scales. I think it is alluded too I am not going to try and analyse the details now. I [indistinct] unless I get ask to but I think the relevant time scales were for the delivery of the first frigate in it was initially round about 2003. It  
25 eventually happened in 2005 for another reason but certainly if we were

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only beginning to finalise the contract technical baselines 2001 we quoted three years to do it, of course we have all that information. It would however be unfair to say that we failed, we lost on the grounds of time scales because this was never been told... time scales so it is an  
5 unreasonable conclusion to draw for the purposes of these hearings.

ADV SIBEKO: Just an administrative issue Dr Young. Our transcript of Admiral Kamerman' evidence starts at page 6241. Would you be able to explain how your numbers are?

DR YOUNG: Yes, I can and thank you for giving me the opportunity to  
10 do so. The only way in which I was initially able to come to possession of the transcripts was by means of the famous Commission websites. I downloaded that version.

As I have said before and at these Commissions quite a number of the printouts of those transcripts including my own as far as I know. I  
15 was actually looking at Mr Esterhuysen's one and my very own ones are actually more or less useless for my purpose because they have spaces in-between the alphanumeric characters. So you cannot do a search. So I sent an email it is on record to Advocate Nbumbe who I see is here and I think I have that particular folder in front of me.

20 CHAIRPERSON: Advocate Sibeko, I want you to try and expedite that. Let us leave what are administrative problems that Dr Young alleges to have had. Let us get on with the evidence.

DR YOUNG: Okay. I do not want to have the last word. But, he said to me the word version, which I printed to pdf and it prints out those  
25 numbers, itself. There were, there certainly was some serious

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numbering problems in the entire recordal of all the transcripts, as well.

ADV SIBEKO: Yes. I am sure that we will find that the right pages. Is that all you wanted to say, with regard to IPMS simulators?

DR YOUNG: No. I, I think I have come to the end of my point under  
5 IPMS simulator.

ADV SIBEKO: Alright. That will now bring us to the issue of the revolving door allegation that you deal with at paragraph 483 of statement. It does touch on the document you started to refer to at RMY 102 just a short while back. Would you like to take us through the point  
10 that you are developing there, at 483 and 484 of your statement?

DR YOUNG: Yes. I think it is, was incumbent upon me, in terms of, at least my view of the regularity in terms of the umbrella agreement and the contract in which I was involved, to bring it to the Commission from slightly different perspectives, which have been ventilated before, which  
15 is what I would address. I think it is common cause that Admiral Kamerman resigned from the Navy as its Project Director and joined the successor in title of a company in the German Frigate Consortium, which was a member of the European South African Consortium that was party to the, or at least its members, the party, signing the umbrella  
20 agreement. The umbrella agreement has an interesting heading, called remedies in the case of bribes. I am not saying that this involves a bribe. All I am saying, it falls in the same heading, what may or not be contractual applicable. But, nevertheless, it is just the facts, which I want to present. As I have said, it seems as though he resigned from  
25 the Navy in July 1996. I think, it is important to point out for the record

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a, something which I probably had read that the German investigating report, I think, actually said that he joined TKMS in January 1996. I stand to be corrected, if I am wrong. But, if I am not wrong, then of course, then it has some relevance. In any case, TKMS is an  
5 amalgamation of at least, some of the companies within the GFC and the GSC, in my view, it seems to be a fairly, if I may use the term stark side, so I suppose I should leave it out now. A stark example of the practice of the so-called revolving door and that is, what, in view, is specifically prohibited, in terms of the Corvette umbrella agreement,  
10 without the written approval, as it says, of the Chief of the South African National Defence Force. Maybe I need to say, I think, it also carries on to say or his deputy. Anyway, it is on the record that no such approval was given, certainly not by the Chief of the SANDF, nor by the Deputy Chief of the SANDF, who I think, does exist, certainly, in terms of title. I  
15 am not sure when one was appointed. But, nevertheless, I have referred to the umbrella agreement and I think, maybe I, if I may, I may just read out what I have said here, without actually going to it. I do have it in front of me, but it is quite a lengthy document and I might take a little bit of time finding it. So, I will just pause there for a instance.

20 ADV SIBEKO: What document are you looking for?

DR YOUNG: Right now, I am looking at my paragraph 484, which has got a reference to the umbrella agreement, which we opened up, just now, in respect of the IPMS simulator. I think, I ...[intervene]

ADV SIBEKO: That was for RMY 102 and it is at page 191. It is your  
25 reference 0568.



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DR YOUNG: Okay. Thank you. Now, you have given me time to click on my bookmark, in this 384 page document. I have the entire document in front of me, other than the missing pieces. But, in any way, it is my page 54, paragraph 19, which is, we would have had, page 52 is the number in the bottom, middle of the, the document.

ADV SIBEKO: You mention in page 485, that in his evidence before the Commission, he mentioned that he did not need that permission.

DR YOUNG: No. May, I am not quite, quite saying, maybe that is a view that could be interpreted. But, that, what I, I think, what I want to traverse is that, or I think, his evidence is that his permission was signed, by the Chief of the Navy. That is one point. I do not, I do not think that it is a reasonable, certainly, an inference to say that the Chief of the Navy is the Chief of the SANDF's deputy, unless the Chief of the SANDF actually delegates, deputises for him. But, of course, his evidence is that automatically, the Chief of the Navy is his deputy or in, automatically, in respect of all flag offices. I, I am just stating that. I am not allowed to, to make interpretations or conclusions. So, I am just going to state that, as unborderly as I may, for the moment.

ADV SIBEKO: Now, there is evidence before this Commission that, I believe it was from former Minister Lekota to say that the commission that was granted to Admiral Kamerman, was a valid commission and that he could, despite the terms of the agreement that you had referred to, he could take up the position that you referred to. Do you have any comment to make, if any at all?

DR YOUNG: The only comment I would make is that I did not make

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these, or give this evidence either lightly or baldly or without doing the subsequent, oh, the, no, the necessary research. I will state, for the record, I, I certainly did not ask the Parliamentary question and neither did I, that I participated at all. It is just something of which I became  
5 aware. But, anyway, I just do find it interesting that a witness to this Commission, certainly, when he was a Minister and Member of Parliament, his, at least documentary evidence at that time, was not aware of the Chief of the, or if giving, giving that written permission. Be that as it may, I have to be quite honest. I have not traversed Minister  
10 Lakota's evidence in great, great detail, for, for my purposes now. But, I seem to, I did, I certainly looked for it and I cannot remember it, being traversed in either greatly or certainly not sufficient detail for my purposes. But, I think, we have skipped over something important. So, I do not, I do not, I just want to go the, so I can close this particular  
15 point, appropriately.

ADV SIBEKO: And that is?

DR YOUNG: Yes. We had not actually come to the relevant part of the umbrella agreement and if I may do so, because I have actually pointed out where that is now. I am just reading from my own witness  
20 statement. I did have the document in front of me, at the relevant place, which I am now, now lost and I have now found again.

ADV SIBEKO: Is that the paragraph 19.2, the 19.2.1 of the document you referred to, at page 1921?

DR YOUNG: That is correct. The heading of that section starts on  
25 the first page, but I wanted to go onto 19.2, which is on the next page.

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ADV SIBEKO: What page are, would you like to go to?

DR YOUNG: Page, it is page 53. It is page 53 in your, in the document.

ADV SIBEKO: Yes. That is our page 19 to 21 that I referred to there.

5 That is where you will find paragraph 19.2 and 19.1.

DR YOUNG: That is exactly correct, which I am now going to read out from my witness statement, because it is a bit easier to read. Anyway, it says:

10 *"The seller and each of its members, shall not, for a period of eight years, from the effective date employ any employee or former employee of the South African National Defence Force or Armscor, who is, or was in any way involved with the agreement, without the written consent of the Chief of the South African National Defence Force or the managing director of Armscor, respectively or their deputies."*

15 That is where I wanted to ...[intervene]

ADV SIBEKO: Now, having regard to what you have just read from your statement, how do you then relate, what you said in paragraph 485 of your statement to the terms of that agreement?

20 DR YOUNG: Okay. Maybe I just need to pause to actually go to the pre-cursor of that and that is that it is under the remedies, in case of bribes. It says:

*"If, if the seller or any of its members or representatives, in relation to negotiating, entering into or execution of the agreement has carried on."*

Okay. No, maybe I am repeating myself:

25 "Or was in anyway involved with the agreement."

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Okay. Those are the important points.

ADV SIBEKO: Now, can I direct your attention to what is set out in paragraph 19.3 of the document you are reading?

DR YOUNG: Yes. Thank you. Would you like me to read it?

5 ADV SIBEKO: Just consider it and, and perhaps then, reflect on the statement, you wanted to make, regarding the contents of 19.2, 19.1 and what is set out, in your statement at paragraph 4.5.

DR YOUNG: Yes. It is very simple, it just says any employee who is, or was in any way, involved with the agreement. That, I think, that is the  
10 pre-cursor for the point that I wanted to make. That is in the evidence at my, at my point 485:

*"In evidence before the Commission, Kamerman testified as follows. I did not need that permission of course, because I am not party to the supply terms."*

15 What he says at, certainly at my page 6073 of the transcript of his evidence. So, I just wanted to put that point in context.

ADV SIBEKO: Ja. And what is that?

DR YOUNG: Basically, what he is saying is that he had no, he was not bound or was not regulated. His conduct was not regulated by, in  
20 terms of the umbrella agreement, because as he said:

*"I was not party to the supply terms."*

But, clearly, if one just looks at the record, he tenders his cv, which I think, is I think it is the first annexure of his witness statement and I have that as my RMY 103.

25 ADV SIBEKO: That is at page 1924 of the bundle of documents.

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DR YOUNG: That is correct and I am looking at the second page of two pages. Just above the point, it says, later career 2000 to 2014.

ADV SIBEKO: Yes. What about that?

DR YOUNG: What he says here is:

5       *"In 1998 I led the execution of Project Sitron and Project Maulstic RFO phase, leading to the evaluation process for the military value components for the selection of the preferred suppliers of the patrol Corvette and maritime helicopters. In late, in late 1998, I authored the patrol Corvette combat suite user requirements specification, URS, and*  
10     *in 1999, I co-led the technical negotiation for the patrol Corvette contractual base line, which form the technical basis of the supply contract for the patrol Corvettes."*

I want to emphasize technical negotiations with the technical basis and the supply contract. The supply terms and the supply contract have to  
15     be either the same thing, or to all intents and purposes the same thing. Just as the technical basis of the umbrella agreement as, what I think, in, it means to refer. There are the technical terms of the umbrella agreement on the supply terms.

ADV SIBEKO: So, you, the, the point you make, exactly, is  
20     summarised in the last sentence of your paragraph 40, 487 where you say:

*"He was intimately involved in all matters, including the scope, supply, price and the selection of subcontractors to the GFC, which ought to have disqualified him, from taking the employment."*

25     DR YOUNG: Yes. Maybe to put in my words, yes, I would say, what

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we have, I have just addressed in front of us, as well as my evidence, for the last, maybe in about six days, shows his involvement, not just drawing up the supply terms and technical terms, but being deeply involved in all of the negotiations with the GFC. In particular, Blohm and  
5 Voss supply terms, changing the supply terms. Every single aspect, you can think of, involving the supply base, the supply terms base line, he was involved and yet, here it says, I did not need permission, to have permission, of course, as an individual of course, because I am not party to this. Now, he cannot, no, I suppose I cannot give an  
10 interpretation of what that part means.

ADV SIBEKO: So, with regard to the consent in terms of which, evidence has been placed before the Commission that he was give, to take up on this employment, you, you have nothing to say, in order to gainsay that? I indicated earlier on that there is evidence before the  
15 Commission that Admiral Kamerman was given consent, by the DOD to take on the employment, with these new employers. Do you have anything, any comment to that?

DR YOUNG: Yes. I think, maybe your term DOD is probably, strictly speaking incorrect, because the, the permission was given by the Chief  
20 of the Navy, who works for the SANDF. It is a different pocket, a different division of the Ministry of Defence. So, that is one, one point. I think, you know, it might be correct that he got permission from the Chief of the Navy. But, my contention is, the Chief of the Navy is neither the Chief of the SANDF nor his deputy, in the normal, or at least in my,  
25 my own view of an interpretation of his deputy.

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ADV SIBEKO: And you cannot take it any further than that.

DR YOUNG: No.

ADV SIBEKO: Anything else you want to deal with, regarding the revolving door? Or do you want to proceed to allegations of corruption,  
5 relating to the conventional of the submarines?

DR YOUNG: Yes. We can come to that next theme now.

ADV SIBEKO: Okay. And the conventional submarines are another aspect of the SDP's that you had some involvement in, albeit small.

DR YOUNG: That is correct. I am not a complete outsider. I certainly  
10 was, was an insider in a, in a, because I can see it a relatively, a mile away.

ADV SIBEKO: Now, you start dealing with the allegations of corruption, relating to submarines, as from paragraph 488 of your statement. Do you have it in front of you?

15 DR YOUNG: Yes. Of course, I have to build up to, if I make, in the heading, I suppose, unlike contracts, where headings might not necessarily form part of the, the, here my heading is on the record as allegations of corruption, involving a conventional submarine. So, I need, I need to put this into a context, which I am trying to do in those  
20 few paragraphs. But, I think it is relevant to say that I was a member of the SA SUBCA, which means the South African Submarine Cluster and that is a nickname for it. That was, involving all aspects of the submarine and not just the, not just the combat suite part of it, the combat management system part of it. So, certainly, at that stage, I had  
25 fairly, fairly good knowledge of what was happening at the time. I think,

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indeed, this is fairly well, what is the right word, the JIT reports, basically also showed that certainly, I can say, is that the GFC was simply not a prime contender at all phases of the acquisition process. I do not even think, from the beginning. In fact, my own view was in fact, well, I am, I

5 certainly did not formulate my own view. My own, I was not at that level, but the GFC submarine was effectively coming fourth, through much of that acquisition process, until pretty close to the announcement, by Cabinet, in, I think it was 18<sup>th</sup> of November 1998. As I said, it is either last or second last and lo and behold literally a few days before, as I

10 say, it moved into first position. So, there had, clearly has to be some reason for that movement, whether that movement is [indistinct] or not, it is certainly interesting and certainly no waste of time, to even consider. Certainly, in the light of the evidence, which I will present and I mainly present to the German investigating reports, the first one in particular.

15 As we know, from the Chairman's own statement, hopefully that is a bona fide document. It is certainly one that I did not manufacture myself. That also, records, as clear as daylight that the German investigating authorities seized documents, with regard to a member of the German Submarine Consortium, in particular Ferrostaal. Their head

20 office is in Essen in Germany, which recorded the documentary records of the payment of bribes. I remember an amount of 90 million US Dollars, I think. Then, there were two amounts, I think that they were two different amounts, although they seem to be the same value in Euros, something like 6.603 million Euros. I think they were different

25 amounts. But, certainly it would seem that. I have not done the same



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arithmetic analysis, as I have done for the frigate, Corvette selection.

As I went through these little [indistinct] a couple of days ago, but I think

it certainly would be a valuable exercise. I can remember looking at it

and I think my interpretation is, at that time, is something, something

5 looks fishy here. But, I, I cannot say that right now. But, what I can say

is, if anything comes further of, of these, this evidence in these

investigations, it is something worth looking to, because it is, the devil is

in the detail and the scores in the value systems are that detail. Again,

what I do know, in fact, I, yes, what I do know is something that I would

10 hopefully have time to address. It is a on the record document. I will

state it for the record right now. From transcript of an interview under

oath, from the project of Sub-Captain Andy Reed and unfortunately, it

was only provided to me by the Commission the, during the last work

session with my interview leaders, that is the Thursday and the Friday

15 of, I think it is a week before last now. Seeing it was on the Corvette

deal, I did not even address it, until I think, the weekend. But, I do have

that document and when I get chance, doing so, I think that there is

fairly graphic evidence of something, let us say, abnormal, regarding the

acquisition process, to put it as, ja, as relevantly, as I need to for these,

20 these particular, the evidence I wish to give right now. But anyway,

without belabouring the detail there certainly is something extremely

interesting, regarding the evaluation of the scores, involving the price.

One particular aspect that is ventilated in some of those documents that

I only got three weeks ago, involves the integrated logistics support

25 component of this particular price. It would seem that the, the low

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pricing, unreasonably low pricing for that, actually ends up in giving the German Submarine Consortium a very high score, in terms of the military value. I think that is the prices for the moment. That, indeed, I refer in my paragraph 493, it is also relevant in this regard to evidence  
5 of Davis Erasmus, senior manager of the logistics division of Armscor, who was so concerned about this aspect of the evaluation awarded to the GFC. He actually wrote a, you know, a risk report on the matter, as well, withdrew his involvement as a member of, of the team. I can say having then, I knew about that, looking at the documents that I received,  
10 there is certainly reference to that. Unfortunately, there is not a copy of the risk report, or even its date. But, one can contextualise it, in terms of the relevance and the date, in respect of Captain Reed's evidence and it would also seem that there was also a document, another, another similar report, by another member of Armscor, called Anton  
15 Jordaan, who also withdrew his involvement from the submarine acquisition process.

ADV SIBEKO: What, what is the source of the information that you were supplied, at paragraph 493, of your statement?

DR YOUNG: Yes. It is the transcript of the interview, under oath with  
20 the JIT, way back in middle 2001, with the Project Officer Captain AJC Reed, Captain Andy Reed.

ADV SIBEKO: You, you have not made any reference to that document in your statement. Is that correct?

DR YOUNG: No. I have not. I said that was something I would like to  
25 come to, if I can. But, this is something that was only provided to me,

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well, the week just before the weekend, from, prior to the finalisation of my witness statement.

ADV SIBEKO: How much time will it take you to find that document?

DR YOUNG: It will probably take me, about two minutes.

5 ADV SIBEKO: Now, will you [indistinct] and try and do that, do that during the lunch adjournment. Perhaps you can skip that part and deal with the other matters, that we can deal with, on the basis of documentation and we will, during the lunch adjournment, try and print and make copies of that document.

10 DR YOUNG: Thank you for that opportunity.

ADV SIBEKO: Alright. In paragraph 494 of your statement, you make reference to HDW, who is HDW?

DR YOUNG: Sorry, can you just put, my 494. Is that correct?

ADV SIBEKO: That is right.

15 DR YOUNG: Yes. I have to risk my German pronunciation it is Hawaldt's Deutsche Werken. It think, it is as close as my English tongue can take me. It is a member of the German Submarine Consortium, as well as the German Frigate Consortium that actually built a couple of the submarines and two of the frigates, as far as I can  
20 remember. Nothing particular in this theme turns on that. But, as you can see, it is an introduction of the German Submarine Consortium, a member of which is Ferrostaal, which is the one that I wish to address next.

ADV SIBEKO: Alright. You can continue. Possibly, possibly why I,  
25 maybe it is slightly out of place here, but I had it, is that HDW built some

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of the frigates and some of the submarines, is a member of both GSC and the GFC and they are all part of ThyssenKrupp Marine Systems. My point is, they are all part of this group, in the, in the context of the theme of the revolving door, with Admiral Kamerman having joined

5 TKMS. It is effectively a TKMS, in this context at least, as a successor of both Blohm and Voss and of HDW. It is possibly the reason why I wrote that. But, nevertheless, it is relevant in, in both contexts.

ADV SIBEKO: You deal with the investigation of the German prosecuting authority from 1997.

10 DR YOUNG: Yes. I was not a member of the prosecuting authority or the German raiding teams. So, unfortunately, I have to use the evidence, which firstly, is described at some length in the relevant sections, at least, of, of the raids on Ferrostaal and the records that they seized there, in Essen, regarding the payments of the bribes, or, yes, I

15 think they refer in this, they describe, they say it is, working from memory now of the amounts of 90 million Dollars and the 6.6 million Euros twice. They also refer to this in the context of Toney Georgiadis, who is probably the conduit of these funds. As I have said before, Tony Georgiadis was the prime mover of the German Strategic Alliance,

20 which was actually acting for both the German Submarine Consortium and the German Frigate Consortium, in respect of, at least, their very first responses to the RFI phase of the strategic defence, defence packages.

ADV SIBEKO: So, your, your evidence in this regard is largely

25 dependant on these investigation reports and the information that you

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picked up from them.

DR YOUNG: Yes. As I have also said, I was in contact with various people in Germany, a range of people and, and I also want to emphasize that these are not member of the German investigating, official German investigating people, German prosecuting range of people. Somebody told me telephonically. So obviously I had to, that I had to hear that with my own physical ears. But I will state for the record, that I was told, not long after these raids were done that Ferrostaal paid the larger bribes for GSC, to win the South African submarine deal than Thyssen paid for the GFC, to win the South African Corvette deal.

CHAIRPERSON: Just hold on, Dr Young, who told you that Ferrostaal paid much even higher bribes? Who told you that?

DR YOUNG: I am not prepared to divulge his name. He is somebody who lives and works in Germany. I think I am saying that on the basis that, for whistle blowers and for the press sources, are both sensitive, as well as, as, well, basically the law, I am talking to the law, but my, I am making this basis on the, my, the advice I have received. The legal advice I received is that whistle blowers are not obliged to divulge their sources.

CHAIRPERSON: And then, why would he tell you and not the authorities in this country? Why did he phone you and tell you that other people paid bribes?

DR YOUNG: You see, if I answer, if I tell you that, then it might give you an indication, okay, I think I can tell you, without giving a direct

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indication with the individual is. But, if somebody, let us put it this way, with a, very close to, or at least, very close knowledge of, of both the investigation and the yield, the yield of results that the search and seizure had. So, it was somebody, who, you know, maybe I get  
5 accused of double or triple hearsay, so you know, but be that as it may, this is a Commission of Inquiry. This is my best evidence. But, I think, I, I knew this a long time, before I received the German investigating reports and in fact, that certainly corroborated everything I have heard way back. Not long, well, the German reports I got in 2000, late nine, 10  
10 and I knew this, long, not long after the raids in 2006. That person was extremely knowledgeable about what, what had happened. Without belabouring the point, not in an untoward way, I, I suppose the word knowledgeable word is close enough.

CHAIRPERSON: Dr Young, you give a very long explanation, without  
15 answering my question. Let me leave it. I am sure I am not going to get any answer from you. Advocate Sibeko?

ADV SIBEKO: I think, the questions, the Chairman's question, Dr Young, is why does the person come and tell you and not make that same report to the official investigating authorities?

20 DR YOUNG: Now, obviously, now I am getting onto the treacherous ground of rhetoric and, and argue, not legal argument, but being argumentative. But, the, the simple question is, I mean, I do not, I would not put the question as, okay, how do we know, two things, how do we know he did not? Okay, because it was telephonic. Secondly, how do  
25 we know that he did not know this from the investigators themselves?

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ADV SIBEKO: Ja. Perhaps, let us leave it there and go to your next paragraph 499, which also is an extraction of some passages of the German report that you dealt extensively with, yesterday, [indistinct] the day before yesterday. Is there anything specifically that you want to  
5 deal with there, regarding the ...[intervene]

DR YOUNG: No. No. I think, we have not only, we traversed it. We also got a ruling. I also think, even without the ruling, that what is on the record is sufficient for these purposes. That takes us to paragraph 500 of your statement, where you deal with the various meetings of the  
10 SASUBCLUB and the ADS recurring allegations of corruption, in respect of the submarines.

COMMISSIONER MUSI: Sorry, sorry, before, before you answer, Dr Young, Advocate Sibeko, what is the document, referred underneath that quotation, where do we find it? So, are you not referring to it?

15 ADV SIBEKO: That, I, I did not deal, pardon Commissioner Musi and Chairman, the quotation, on paragraph 499, appears at RMY 52. It starts at page 1086 and goes up to the next page 1087.

COMMISSIONER MUSI: Thank you. That is enough for my purpose.

ADV SIBEKO: Yes. You were about to start the discussion, regarding,  
20 or relating to the various meetings of the SASUBCLUB.

DR YOUNG: Yes. I think, this point is more, in respect of the submarine in general, not necessary so much, in respect of corruption. Although, as a point of reminder that the German investigating report does, does state that Chippy Shaik requested a similar agreement in  
25 respect of the submarine, as well. So, so, there certainly is a linkage

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there. But, this particular point, at least the detail of it, relates more to a conflict of interest, which is more of misconduct or an irregularity, at, at the very least at least, rather than straight down. Well, it, it might be corruption, but it may not be bribery in terms of, of the payment of the bribery amount. But, anyway, the point I wanted to make, in regards, the, my involvement in the SASUBCLUB, my knowledge of Chippy Shaik's involvement there, of the submarine combat suite and, and his direct involvement in there, after his recusal, not involving only the, the Corvette combat suite, but the submarine combat suite as well.

10 ADV SIBEKO: Now, in your discussion of the meetings of the SASUBCLUB and involvement of Chippy Shaik at these meetings, you made reference to three documents, which are minutes of the SASUBCLUB. The first one is 1998/06/2006, the second one is 1998/08/19 and the third one is 1998/07/02 or it is 20, I am not quite  
15 certain. They are for purposes of the record, our RMY 104. RMY 104 is at 1928 of our file six. RMY 105 starts at 1932 and RMY 106 starts at 1937. Are there any specific documents or references that you want to make in respect of these minutes, in support of your contention, perhaps as an introduction to the conflict of interest and an indication of some  
20 participation by Shaik in issues, relating to the contractor for the submarine combat suite?

DR YOUNG: Yes. I am looking at the second last item of the minutes on the fourth page of four. The last, it is the last page of this, of the first set of minutes.

25 ADV SIBEKO: What page did you say you are looking at?



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DR YOUNG: Four, four of four. Sorry. It is page four of four.

ADV SIBEKO: That would be our 1931 it seems. Is that the document that has future planning?

DR YOUNG: That is correct, yes.

5 ADV SIBEKO: Yes. What about that future planning?

DR YOUNG: Okay. What it says that:

*"The chairman informed the meeting that Atlantis Consulting (PTY) LTD had been requested to attend a meeting with ADS on the 30<sup>th</sup> of June 1998, being facilitated by Admiral Howe and Mr S Shaik. At meeting it would affect, have a direct bearing in the SASUBCLUB. The meeting was requested to give Atlantis Consulting (PTY) LTD a mandate to negotiate or pending on the direction of the meeting. It was agreed that the [indistinct] should be approached including ADS. That ADS would, should not consider on the same grounds as other applicants. These conditions include that no founder member loses work share to ADS. ADS would become an associate member and ADS agreed on a quid pro quo with the SASUBCLUB, with respect to work, should the French offer be accepted, as prime contractor for the submarines."*

10  
15

20 ADV SIBEKO: What is the significance of the passage you have [indistinct] that you have just read with regard to what you have told us?

DR YOUNG: Well, the significances involves conflict of interest. Now, when, I have to give the context. It is not in the analysis of what this means, this is the context, although the SASUBCLUB, as I said before, was a grouping of companies, involved in the entire spectrum of supply

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for the submarines, there was only one company, at that stage, kind of a founder member, being C Square I Square, that was involved in the combat suite. Or specifically the combat management system, as we had an agreement of, we had dealings with one of the submarine  
5 suppliers, being [indistinct] and Terry. But, also we had, we had various business negotiations going on with ST and Atlas, regarding the, the involvement in the combat, the combat suite part of it. Now, of course, if I have not been clear enough, ADS is also only involved in combat suites, combat management systems. So, clearly, this issue, involving a  
10 meeting with Mr S Shaik, is only about combat suites. I do know that there was a lot of pressure. I, unfortunately, do not have all the time I need. I could probably spend a day or two on the whole issue of inclusion of a South African combat suite and not only a South African one, but actually more of a French one, into the submarines, rather than  
15 the ones, the German had, the selected one, the one from ST and Atlas. But, I think, this point suffices to say, or suffices to address, at least, a subtheme of that of conflict of interest. Here we have a summary, being the Chief of Acquisitions, in, okay, after he has been, been [indistinct] the Chief of Acquisitions, knowing his brother's interest in Nkobi  
20 Holdings and ADS and Thomson SA, getting, getting involved in an issue, where the conflict of interest is already at play, although it was only formally declared, I see, on the 4<sup>th</sup> of December. You know, the, the conflict gets managed or handled, once it becomes, once it becomes into play, not just when it is recorded. But, anyway, here is a stark  
25 example of the, of a situation, where the Chief of Acquisitions got

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involved in the nitty gritty of a, the combat suite of the submarine, which was being offered, by the combination of Thomson and ADS.

ADV SIBEKO: Is there anything you wish to address, through the minutes of the next meeting, RMY 105, at our page 1932? Or that you  
5 do the same thing?

DR YOUNG: No. I think, these are just further, further proof of this meeting having happened. It happened at, in, in Chippy Shaik's office. Okay. It might, maybe that Admiral Howe initiated or facilitated the meeting with that. I do not think that that is important, in terms of  
10 conflict of interest.

ADV SIBEKO: Alright. At your paragraph 501 and following, you are dealing with further meetings that Shaik had with that company HDW and, and so on. Would you like to deal with that?

DR YOUNG: Yes. I was personally involved in this, in this process.

15 Certainly at this, at the earlier stages, we were quite deeply involved, especially, because the, what became a controversy, the, either the German combat system, or the French one. So, there was a lot, a lot of action going on here. I had meetings, only the one particular meeting with Clement Steinkamp from HDW in, actually in Armscor offices in, in  
20 Simon's Town. I also remember many, many meetings with Peter Krollman and Ernst-Otto Max of STN Atlas. I remember actually, after one of the meetings, what is actually more of a, let me say it was a presentation, or what Chippy Shaik called, all the relevant parties of [indistinct]. I think, all the SDP's was not just submarines. It was not  
25 even just to Naval systems. Peter Krollman and Otto Max were there.

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Of course, they are only involved in combat systems and specifically combat management systems. After that session in the Armscor building, here in Pretoria, I met Peter Krollman and Ernst-Otto, walking down the stairs, as I was walking out a bit later, because I was catching  
5 a flight later. So, that, anyway, in that meantime, meantime, between the, it was a presentation or whatever had ended, Chippy Shaik had called Peter Krollman and Ernst-Otto Max to his office. If I may say so, I did not write this down, but they were as white as sheets. These were very, very experienced campaigners in international bidding for combat  
10 management systems. I asked them why they looked like that and they told me that they had just been read the riot act, by Chippy Shaik, regarding their intransigence, regarding the combat management and specifically with regard to ADS's inclusion thereof.

ADV SIBEKO: Did anything come of the proposals that were made, of  
15 ADS to be included in this bid?

DR YOUNG: Yes. Many, many things did actually come over it. In fact, I, I am not going to describe about everything, but not just to, to get the point that I would like just to end completely. It is sort of in conclusion there. The whole effort to get the, the Thomson, I think they  
20 call it Sastiques. It is the actual name of the French combat system was Subtiques, with the South African element, involving ADS, called the Sastiques. Now, I was intimately aware of all of this, because we were going to develop parts of it, or at least parts of the software. But, but the, the DOD, with Chippy Shaik involved as well, insisted, as we  
25 considered, eventually somebody in the project team recruited

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somebody called Karel Van Der Merwe, ex-Navy officer, working on the submarines. He, he did an analysis. I think, he spent quite some time in Germany. I do not think he spent any time, anywhere else, looking at the implications of the Germans for the very first time, including the

5 French combat system. Eventually, and this went on for many, many months, several, several months. He issued a report and based on risks and costs. The Germans prevailed of course, the Germans and [indistinct] in particular and I know, were not happy at all, to include a French combat system, or French combat, yes, French combat system

10 in a German submarine. So, the German 209 submarine is actually an export submarine and I do not think, even the German Navy use it themselves. They were particularly not enamoured by this. Because it would be the first, being the first time that it would have happened and that could have opened up the door for future submarines, ordered from

15 them by future clients, of not including a German combat management system and a combat system in, in general. So, anyway it was, it was certainly, it was a very big issue. What I also do know, from my personal involvement, because we were meant to get a contract from STN Atlas, to do the torpedo fire control system. Something that I had worked on

20 myself, in earlier life, I knew a bit about it. But, I do not have all the details at my finger tips. But, I believe a bone was thrown to ADS, in that STN Atlas would actually give ADS a small contract of, something reminds me about R10 million or so, to actually do the torpedo fire control system. And, anyway, I do not think that actually happened at

25 the end. But, anyway, there were certainly, if I may say so, exceedingly

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strange manoeuvres in terms of normal acquisition process of trying to force decisions at combat suite level and even subsystem level, at torpedo fire control level, on a prime contractor, like the German Submarine Consortium.

5 ADV SIBEKO: And as you say that remark, I think, would that mean the conclusion of the part of your statement that deals with allegations of corruption, with regard to submarines?

DR YOUNG: Yes. I think that is a, I think I have, I have said sufficient. We will next traverse the allegations of corruption with regard  
10 to jet, the jet plane and the jet fighter aircraft. Perhaps we can do that when we come back from the lunch break? Would that be the convenient time to take the break, Chair?

CHAIRPERSON: Thank you. We will adjourn for lunch and let us come back at quarter to two. Thank you.

15 **(COMMISSION ADJOURNS)**

**(COMMISSION RESUMES)**

CHAIRPERSON: Okay.

RICHARD MICHAEL MOBERLY YOUNG: (s.u.o.)

ADV SIBEKO: Dr Young we start at paragraph 507 of your statement,  
20 in relation to your discussion of the allegations of corruption, relating to the jet trainer and jet fighter aircraft, by stating that you were not personally involved in this aspect of the SDP's and that you will not deal with in much detail. What do you know about the allegation of corruption [indistinct]?

25 DR YOUNG: Okay. As I think, I said right at the outset, I have made

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it my interest to find out at much there is, about all aspects of the SDP's. I have familiarised myself with vast amounts of documentation, including affidavits of the people, I have mentioned below, including people from the Serious Fraud Office. I mentioned it in the beginning. Gary Murphy  
5 and other investigators in this country like Colonel Jan Du Plooy, Advocate William Downer and an attorney, who I believe is now an Advocate, Karla Saller. All of these people have made affidavits under oath, regarding bribery and corruption. Of course, these, of course, that would be the most appropriate thing, if all of these people gave  
10 evidence. But, I think, at this stage, I see only one of them, it is Colonel Du Plooy, is still coming after me. So, hopefully, I can leave most, most of it to him. But, I certainly have interacted only, although only briefly with the Serious Fraud Office, whose investigation yielded most of the information initially, in the United Kingdom, again similarly, as, as in the  
15 Germany, investigations were undertaken in the UK. There were also various requests for corroboration, in our [indistinct], mutual legal assistance requests, between South Africa and, and the UK. Of course, those are, they were, they are publicly available documents and of course, none of those things are bald. They have an enormous amount  
20 of factual information attached to them. Similarly, as that email that we saw from the German government to the Swiss government. It is similar, similar attachments. But, be that as it may, as I have also said, I have come into possession of documents, by means of, maybe one, I am not quite sure, how to describe it. Maybe I am a whistle blower, with  
25 his head above the parapet, unfortunately at this stage. So, there are

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other people, who prefer not to be as publicly visible, as I am right now. I have come into possession of other documents in that respect. But, certainly one or two of them that I am going to be using right now, is an affidavit, written by a South African. As far as I know, those are publicly  
5 commissioned affidavits, are also, are also valid evidence, to which I may refer.

ADV SIBEKO: Now, there is a specific aspect, involving allegations of corruption, by the BAE systems that you deal with, as from paragraph 510 of your statement. You deal with this specific aspect, involving a  
10 person, called Portia Ndzamela. It is dealt with, through the documents you have furnished. [Indistinct] YLF 01, which is our RMY 107. That is at page 1938 and a further document, your YLF 04, which is our RMY 108, which we shall come to in due course. It is at page 1944, of bundle, of file six. You can proceed now.

DR YOUNG: Yes. Again, I derive no satisfaction of, of bringing this, this matter to the attention of the Commission. I was actually hoping that, I think I am the last of, what they call the critique witnesses. I think, the press has called it the whistle blowing witnesses. I do not think I could put Colonel Du Plooy, or Major General Meiring in that category.  
20 But, certainly, other people do actually, or at least, could know more about the BAE, the military aircraft deal, could or should have been in a better position to do this. But, I, it is my, my understanding that this has not been dealt with, certainly, in terms of, it might have been touched on. I might have, I cannot quite remember every single witness's  
25 evidence. But, I do have certain documents and I think that they are



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proof. It might not be in the amounts of hundreds of millions, which have been referred to, as a total amount of what is politely called covert commissions, involving the military aircraft deal. If I do get the time, I might address that, if I do get the time. But, I have not prepared

5 evidence so far, in, in the greater scheme of things. But, here is some documentary evidence, involving two important parties and that is a minister, who is a member of MINCOM and BAE, a very important member and Regional Managing Director of British Aerospace, who was responsible, certain, up until what the British call down select phase. It

10 is when the Hawk and the Gripen were selected, as preferred, as the preferred options and BAE and SAAB were selected as the preferred suppliers. It is important as well, from a perspective that this involves the first member of Cabinet, involved in, can I say, untoward dealings, involving the Armsdeal and she was not only a member of the Cabinet,

15 but she was a, a member of the Ministers Committee that dealt specifically with, with the Armsdeal. I think, the evidence, not of my own, just of what we read, written by BAE people and her daughter Portia, is her name, Portia Ndzamela, is sufficient to at least, indicate something that is of interest to, to the Commission. I would stop there,

20 for further guidance of, whether I go through the rest of my text, or would you like me go directly to the evidence documents?

ADV SIBEKO: You mentioned the name of the minister in paragraph 510 of your statement and I see, you seem to be avoiding mentioning that name for the record.

25 DR YOUNG: No. I am not avoiding mentioning it right now. I am just

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hesitating, because of my pronunciation [indistinct] and I think, Minister Sigcau, Sigcau Xhosa and my Zulu may be not good enough. But, that was possibly why I was hesitating. The name is Stella Sigcau, who is the Minister of Public Enterprises and therefore a Minister of, a member

5 of Minister, by virtue of the fact that this department would be selecting and administrating all the national industrial participation projects of the SDP's. As we know, even in respect of the so-called quantitative evaluation, the element of NIP was given, in fact, indeed, 25 per cent of the overall best value, without, of course the dividing of, of financial, the

10 financial index. So, of course, this person is particularly important. You will see that, when I address the evidence, emanating from the person, whose name is Alan McDonald, who I said, was the Regional Managing Director for Africa and I think, the Middle East, who was responsible for this programme. The fraud involves amounts of money, paid in respect

15 of the Minister's daughter. Fortunately, her name is easier to pronounce, Portia Ndzamela. I think, that is, okay, maybe I need to say, the, the point is, Portia had been married. Or in fact, was married and was getting divorced. She had two small daughters and the marriage was acrimonious and the Minister wanted her to go to the United

20 Kingdom and requested BAE to pay for their accommodation and education, schooling and other various other things for, I think, it was actually said in 512, for a period of a couple of years. I think, it actually was three years. Certainly, that kind of, if I may say loges, is certainly small in the greater scheme of things, of 105 billion, about 105 million

25 British Pound Sterling. They had constituted the covert commissions,

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regarding the BAE's and SAAB's purchase, not the purchase, sale of the Hawk and the Gripen to South Africa. But, nevertheless, as I mentioned before, the threshold is of, of major interest, R500 000.00 and I am sure that it must be, at least be in a [indistinct] magnitude. So, I am not

5 talking about actually Mickey Mouse money here. But, at least, it is an indicative that this kind of stuff was done, in the selection process.

ADV SIBEKO: And just for purposes of the record, the name of the Minister you are referring to is Stella Sigcau. But, you mentioned that the source of the information you have just alluded to now, is that

10 something that you pick up from that document? Your YLF 01, our RMY 107, if you would go to that document and identify it. Tell us how you got hold of it?

DR YOUNG: Okay. I have identified the document. It is on British Aerospace stationery. It is a facsimile. It says in strict confidence. It is

15 from, as I said, Allan MacDonald to at least a kind of superior, a Terry Morgan, in, based in, as far as I can understand, Farnborough in the United Kingdom. It can be, the sensitivity indicated in handwriting here, do not copy. Unfortunately, for them, somebody did make a copy, of which I have a digital version in front of me and you people have paper

20 copies. I do not know the exact, the exact why fore and where fore of this. But, it was delivered to me on a digital device, obviously, by somebody, who wanted me to ventilate this issue, at the appropriate forum.

ADV SIBEKO: Is there a specific passage, you want to deal with in

25 this document?

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DR YOUNG: Yes. Indeed, I do not want to be, well, you are welcome to stop me. But, I think, that the, what you call it, the bar code with the number underneath it, I, I understand that that is the Serious Fraud Office way of identifying seized documents. I am not sure. But, one  
5 reason why I say this, and this is, I did not break in to find out, who, or where BAE used to go and hide their sensitive documents in Geneva. But, I received it through some kind of route that at least, emanated from a formal search and seizure operation. But, I think it is fairly important to ventilate this letter, in sufficient detail, to get my point  
10 across. Of course, it is dangerous, because it is a, well, it is a two page letter with a lot of text. So, maybe I will take guidance on what I should or should not say.

ADV SIBEKO: As you make reference to that document, you must keep at the back of your mind, the terms of the ruling that, in terms of  
15 which, you would deal with documents.

DR YOUNG: Yes. I am certainly mindful of that. If I was not mindful of it, I would have started the whole letter, two pages, into the record. I have various highlights bookmarked here. But, I think, possibly, I have gone into the, the, sufficient in the, at least, the first paragraph here.  
20 But, I think, what is relevant is, we are talking about South Africa. This Terry of South Africa and he is talking about marketing activities. It is fairly clear, what he means with marketing activities. The first sentence, no, sorry, the last sentence of the first paragraph says:

*"You will note that we are certainly getting down to the short strokes  
25 for both Gripen and Hawk."*

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So, that is the relevant context and he says that he is clearly looking for some professional help. It goes on to say:

*"You will note, from the information I attach that the fact that we have got Hawk onto the final list is very much due to our friends in the country, rather than the quality of our ITP response."*

That is certainly some kind of countertrade. In this regard, remember, he mentioned the Minister, who is, my own pronunciation is not good enough, but anyway:

*"One friend, who has and remains absolutely critical to our ultimate success for both Hawk and Gripen is Minister Stella Sigcau. You may recall, she visited the UK recently and met with Peter Mandelson and I interrupted my leave to host the visit. She very privately asked for my support on a personal family matter."*

He mentioned the daughter, 29 years of age and unhappy marriage arrangement, which carrying on, without trying to cherry pick:

*"The breakdown of her daughter's marriage is causing her severe embarrassment."*

I am trying to say this, because this is coming from the Minister and not from the daughter.

*"In the coming months and after our success, she wants BAE for two to three years to provide a marketing for her daughter in London. Such a job will have to pay sufficient to provide reasonable quality of life for the Minister's daughter and her two children."*

Importantly:

*"As you would expect, in view of the criticality of where we are in the*

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decision making process and our fundamental reliance on the Minister's support, I gave all the right assurance to the Minister that we would very positively help address this personal family matter. To show sincerity, I arranged for Niall Irving to meet with the daughter."

5 And Niall Irving is another British Aerospace person involved, and based in South Africa. As I have before, during that period. I think it is important, I think I am coming to the end of this letter:

"I have appraised Neils Petersen of this situation and asked him to ensure that in our South African budget we make provision for three  
10 years' support for the Minister's daughter. He has indicated that monies will be found to deliver this."

And it is signed Allan MacDonald.

ADV SIBEKO: Now, the next letter, document that you rely upon though, are there further pages in this document that you seek to draw  
15 the Commission's attention to, before we move to the next document?

DR YOUNG: Okay. The way it was provided to me, I think that these documents, these memoranda were concatenated and that is why there are more pages. Anyway, we are talking about another memorandum, which is headed strictly personal and confidential, for obvious reasons.  
20 It involves, involving the same recipient and, and originator. The only person I want, part I wanted to read out, of course, there is a mention of the South African parties involved, in the, in the process. Now, we are talking about a date of this document of 19<sup>th</sup> of February 1999. They will be, in the middle of the document, I am talking about a specific  
25 paragraph, after seeing Dick. Dick is the Chairperson of British

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Aerospace, Sir Richard Evans, who hates to be called Sir Dick. He also spoke of and I believe he met Portia and here they have got the spelling wrong. Here I could, that is why my pronunciation, the first time, was mixed up, you can actually:

5       *"Sigcau the daughter of Stella, the Minister of South Africa, who I subsequently found out, has been influenced to send a letter of support, regarding Allan into the company. For your information Portia is being supported by BAE, while doing a course in London. This includes accommodation and all furnishings, plus a large number of items."*

10      I think, I just wanted to say that, because there is, there is more of the same. But, of course, if the original letter, they were just finding her job and she was looking after herself that would certainly far reduce the amount that they would be paying. But, my understanding is that she did not find a job. Or they did not find her a job and I have, certainly, in  
15      respect of what I see in front of me is that she spent the time doing further education and her children, who were, I believe neither actually finished school, at school. So, I cannot remember what kind of school. But, it was in England. Public school are private schools here and extremely expensive. But, that is by the by. Anyway, there is more to  
20      that letter, which I am not hiding the content, which I am skipping over it. Just, I am reading the highlighted portions in front of me. In terms of the, the consummation of the Union, here we have a letter. Now, if I may say, without too much interpretation, the, it seems, oh, yes. It is fairly interesting, of course, that Portia writes this letter on a Denel  
25      letterhead. I am not quite sure why.

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ADV SIBEKO: The letter you are referring to, is that the fax message that appears in our page 1942, dated 12 October 1998?

DR YOUNG: That is correct, yes.

ADV SIBEKO: What passage do you wish to refer to there?

5 DR YOUNG: Okay. I just want to say it is to the same person, Niels Petersen of British Aerospace. Here, Portia signs the letter as Portia Ndizamela and she thanks Niels for the opportunity to:

“Thank you for the wonderful hospitality you gave me, whilst I was in London (including) the support services provided was outstanding in the  
10 highest order.”

And she talks about:

“I would like to thank you for incorporating the position of my little girls into our discussions and thus giving the comfort that they are not forgotten in the greater scheme of things.”

15 Then, probably it suffices to say that there is, certainly, there seems to be a two way street, in the acknowledgement of this agreement, or this [indistinct]. Next I come to one, one more letter. I am now on the last page of these six.

ADV SIBEKO: Is that the letter on the British Aerospace header at on  
20 page 1943?

DR YOUNG: That is correct, yes.

ADV SIBEKO: Okay, here we, we the letter is to Alan MacDonald from Stuart McIntyre, copied to Niall Irving and Stuart McIntyre and Niall Irving were both British Aerospace people, based in the country. At the  
25 relevant time of the, sell, here we call it pre down select phase, okay,



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and I think, was it November 1998 and here we are talking about a document on 31 of October. The subject is two, two people, one they refer to as young friend, but it was certainly in the context of young lady friend. It is fairly clear from the documents that are your, indicate who  
5 these people are. Of course, from what I have just read out, if we go down to paragraph that is preceded by point one, in respect of a young lady friend. It says:

*"On this matter."*

Of course, it is the matters concerned above, which I do not think, which  
10 I think, I have had a quickly, brought into the context. I will certainly go back to, if I am asked to do so. On this matter, he sets out a clear demand that he, his young friend:

"We must deny all knowledge or involvement whatsoever in YLF's recent job application in the UK. The application is purely a private  
15 initiative on YLF'S part and nothing more. He asks that we clean our system of all record or reference, especially in SA and brief all those in the know, both in SA and in the UK of the line to take. Any further activities we must be under the new security regime see below. YF reports that he is being undermined in a number of ways. The  
20 perpetrators are EC and others externally and various of their friends internally. YF is being accused of not being a real advocate, of having been arrested or investigation of cocaine possession, of being."

And I think, it is not that I am trying to try and catch, I think that that is the last page. Of course, okay, then importantly here, there are some  
25 indicators of why, who YF is. But, the important part, point is that, in my

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view, we have certainly more of the same in the context of an executive statement here. YF, whoever it might be is fully aware of this, because obviously, well, if one says fully involved, but certainly seems to be fully aware of this. The sensitivity would not, certainly would not agree, would, would intend to give support, for the fact that this selection process is being done, within the terms of MODAC.

ADV SIBEKO: Perhaps, before we go to RMY 108, your YLF 04, you mention that YF knows who he is. But, in paragraph 517 of your statement, you make specific reference as to who YF is. What is the basis of what you state in paragraph 517?

DR YOUNG: Okay. That is, that is the document that we are coming up to next.

ADV SIBEKO: Alright.

DR YOUNG: I think, we, we probably deal with the affidavit.

ADV SIBEKO: Yes. That is at page 1944 of that same bundle. Would you with that?

DR YOUNG: It is an affidavit and the deponent, it was correct here, is Carol Ann Jefferies and she says, I the undersigned ...[intervene]

ADV SIBEKO: Okay. Who is, who is Carol Jefferies?

DR YOUNG: I come to that in the document ...[intervene]

ADV SIBEKO: Ja.

DR YOUNG: Because affidavits normally who one is.

ADV SIBEKO: Alright.

DR YOUNG:

*"I, the undersigned, Carol Ann Jefferies do hereby make an oath and*

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*declare. I am an adult female with the ID number."*

Her present, her, that, at that time her employment and she says who she is and that is in the relevant period for the period October 1996 to November 1998, which I have, okay. It says, in terms of the documents

5 I refer to is the relevant period:

*"I was employed by British Aerospace (BAE) South Africa as a personal assistant and bookkeeper since November 1998. I assisted the negotiating team from the United Kingdom and moved out of the main marketing office. I left the employ of the group in August 2001."*

10 So, she certainly seems to have been in the right place at the right time. She refers to other BAE directors in South Africa. I do not think it is relevant in terms of my evidence, except, except that the people, Niall Irving and Stuart MacIntyre, who was involved in this ...[intervene]

CHAIRPERSON: I am sorry. Advocate Sibeko, we seem to be going  
15 back to where, I thought we will have [indistinct]. He is now starting to read letters from BAE, analysing them, telling us what we mean. I am not quite sure what the purpose is thereof. We do have the letters. He has requested them. We can read them and understand them. We do not need Dr Young to do that for, for us.

20 ADV SIBEKO: Now, I, I asked you earlier on to be mindful of the terms of the ruling, when you referred to these documents.

DR YOUNG: Yes. You also asked me to identify who Carol Ann Jefferies was and my response was particularly to, to answer that particular question and it was done for, in, in specific response.

25 ADV SIBEKO: Alright. Again, be mindful of the ruling. I have asked

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you, what the basis of what is set out in your paragraph 517 is and you said it is this document, RMY 108. Where in RMY 108 do we find the basis for what you say, in your paragraph 517?

DR YOUNG: Sorry, my, my paragraph, what, five, five?

5 ADV SIBEKO: 517 of your statement.

DR YOUNG: No. Sorry, we are not there yet. We, sorry, we are not there yet. We are at my previous point, 517. Sorry, not 517, 516, where I am referring to my RMY 108 document. We have not got to 517, yet.

ADV SIBEKO: Again, dealing with your paragraph 516, we are now  
10 dealing with, you referred to RMY 108. I said to you, in responding to the question, please be mindful of the ruling, the terms of ruling, which was handed down, the day before yesterday, regarding the manner in which you deal with the document.

DR YOUNG: Okay. My understanding was that I was allowed to refer  
15 and to, to particular portions of it. That is what I was trying to do. Anyway, there is only one more sentence that I want to refer to, what I want to read out, in this affidavit.

ADV SIBEKO: What paragraph is, does it appear there?

DR YOUNG: It is in the last page, above the affirmation of the oath. It  
20 starts with the words, I furthermore.

ADV SIBEKO: Yes?

DR YOUNG: I will ...[intervene]

ADV SIBEKO: That this is to demonstrate who the young lady friend  
is. Is that correct?

25 DR YOUNG: It is not only to demonstrate who the young lady is, it is

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to demonstrate the other party in the transaction, being BAE and the whole issue of residence and study in the United Kingdom. That is what it is about.

ADV SIBEKO: So that is the [indistinct] paragraph in this document?

- 5 DR YOUNG: Yes. Other than, also identifying this affidavit and who the deponent is, which is what I was trying to do. I wanted to do that, in the context of producing the most important thing, which says:

*"I furthermore know that a certain family member of Stella Sigcau (first name Portia) was sponsored by BAE to study in the UK."*

- 10 The rest of the paragraph is important, but I will not read that out.

ADV SIBEKO: Alright. Dealing, dealing with the next paragraph of your statement, it is paragraph 517. In that regard, you make reference to YLF 02 and YLF 05, which documents are our RMY 109, at page 1947 and our RMY 110, starting at page 1950. Again, Dr Young, I shall  
15 remind you that in tendering your evidence, you must be mindful of the terms of the ruling.

DR YOUNG: I am ever mindful of the terms of the ruling, but I have to tread a fine line, between too much and too little. I am, at this stage, I am erring on the side of too little, at least, in respect of getting my  
20 evidence across properly and also keeping my own train of thought. But, nevertheless, this is a document by a, a, it is a document entitled JMW's thoughts for PW on positioning and relationships in South Africa. I think, the whole thing is extremely important. The JMW is Jonathan Walton, who was another BAE employee, based in South Africa,  
25 involved in the Hawk and the Gripen deal. In this respect, I think the

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whole thing is extremely relevant. But, I just wanted to refer to two paragraphs here, on the second page, which supersedes the sentence that says that:

*"Both administered by Neils Petersen."*

5 ADV SIBEKO: This would be on page 19, our page 1948 for the record. And what is the number of the paragraph you are referring to?

DR YOUNG: It is paragraph 1 and 2, 1, 2 and 3.

ADV SIBEKO: Is that the one that has a heading top level political pre-Hawk/Gripen? Is that the paragraph you are referring to?

10 DR YOUNG: I am sorry. I am looking at a, well, unfortunately the indentation is quite poor. But, underneath seven, maybe that is the correct place to start. Under seven, where it says:

*"In the meantime, Steve Grigg."*

15 It is my, ja, my third page. I think, we are talking about halfway down the page.

ADV SIBEKO: I think, it is page 2 of 3, our 1948, paragraph 7 reads:

*"In the meantime, Steve Gregg (oh, Steve Grigg) (now reporting to John MacBreath)."*

Is that the passage you are referring to?

20 DR YOUNG: That is indeed correct, yes.

ADV SIBEKO: What is the essence of that passage you want to refer to?

DR YOUNG: Okay. You see, it, it, well, there are two [indistinct] reasons, the main, the first one, is to identify who YF is, young friend.  
25 The second, of course, if I do get the opportunity, as I indicated in my

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witness statement, I will, if possible, I could or I would address some of the evidence that Fana Hlongwane gave, to this Commission, not too long ago in December. But, be that as it may, I think it is, if I can just, if I may, just refer to the following that refers to, in respect of 2003:

5       *"Only one senior political advisor."*

I think there is an emphasis on that, even in inverted commas, his name is Fana Hlongwana with:

*"Two adviser contracts, one 'marketing' and one 'offset', both administered by Niels Petersen."*

10     In any case, we can go down to two:

*"But on JMW's arrival, Stuart McIntyre embarked on an extraordinarily campaign to promote FH (clearly Fana Hlongwane) to JMW, so ridiculously strong that JMW was highly uncomfortable. SM (Stuart McIntyre) was exceptionally close to FH and told JMW that he sought his council in practically everything, even in his own personal life. SM visited FH very regularly, but no one in the office was allowed to mention FH by name, hence 'our young friend' due to FH's security concerns."*

15

I think, that is sufficient in respect of my contention that independently, of my own conclusions is the BAE documentation refers to the person YF or young friend as Fana Hlongwane.

20

ADV SIBEKO: RMY 110 is, it seems to be the same document that is part of a series of documents, in your RMY 108. Now, 107 that is that ...[intervene]

25     COMMISSIONER MUSI: Can I, can I just enquire, before you

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proceed? RMY 109, these are:

*"Thoughts for PW on positioning and relationships in South Africa."*

Who is this JMW?

DR YOUNG: I did actually say that. His name is Jonathan Walton.

5 He is an important member of the British Aerospace and that is the negotiating team, or the project team. That is fairly clear, of course, I know that independently. But, in terms of his own document, if we go down to the last page, page 3 of 3, we can, this was actually a digital document. I think it proceeds, it was turned into paper. But,  
10 nevertheless, we can have a look at the, that one says, on the last page, regarding document properties, entitled same as the top page:

*"Positioning and relationships in South Africa."*

The author is a Jon and they are saved by Jonathan Walton.

COMMISSIONER MUSI: Thank you.

15 ADV SIBEKO: I, I indicated to you, just before you proceeded that the document YLF 05, our RMY 110 at page 1950 is a part of the document that you have already referred to, which deals with a young lady friend at paragraph 1 and security at paragraph 2 on that page. Did you see that?

20 DR YOUNG: Yes. It seems to be redundant.

ADV SIBEKO: Now, regarding the allegations of, of corruption, in respect of the jet trainer and the jet fighter aircraft, other than the documents you have referred to and what you have set out on your statement. Is there anything else that you wish to supplement?

25 DR YOUNG: Not, not at this stage. Depending how things go, there



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is certainly more relevant stuff. Unfortunately, I gave an oath to tell the while truth.

COMMISSIONER MUSI: Just, just before, just another interruption here. I see the title of this document, the thoughts are for PW, 109.

5 Now, who is PW?

DR YOUNG: Sorry, I just, let me open my document.

ADV SIBEKO: That is the [indistinct].

DR YOUNG: I would be honest, yes, I do not really know that. I have not applied to that. So, I think the answer, the honest answer is I have  
10 to say I do not know.

COMMISSIONER MUSI: Thank you.

ADV SIBEKO: Alright. Should you apply, or had an opportunity to apply your mind, after the adjournment. Is there something you had left out?

15 DR YOUNG: If it is, if it is important, I, I could certainly give my, my view, in applying my mind to it. As far as I remember Price Waterhouse Coopers was the auditor of British Aerospace in South Africa and this could well be Price Waterhouse.

CHAIRPERSON: Dr Young, I think, you are, probably stick to your first  
20 answer. You do not know. Please do not speculate. If you do not know, you do not know. You said you do not know. Now, you start, trying to give an answer to the question, that you initially said, I do not know. If you do not know, you do not know. Please do not speculate.

ADV SIBEKO: That brings us to your discussion of the Shaik, Swan  
25 interference in helicopter decisions. Is there something you wish to

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discuss at this point?

DR YOUNG: Yes. This is extremely short, sharp and sweet, by comparison. But, it is just to indicate, with reference to the terms of reference to the Commission. I think the word impropriety is used. Of course, the, the big focus has been on the large programmes, the military air craft, the Corvettes and the submarine, so far. But, something that is indicated in the, at least the draft JIT report and then, there also does not seem to be any reason, why it should not be carrying through. So, this is, it is referred to in two contexts. One that, if it is true of what was reported to them, I am talking about the JIT investigating team, way back in, I think, where took, earlier in 2001. If that, if it is true, there was impropriety involved in this programme as well. Of course, in the theme of the changes to the JIT report, there does not seem to be any, any traceability whatsoever in how this was removed, from what was actually the comprehensive 741 pages I have in front of me. How that disappeared, just a month later, in terms of the final report. In this particular context, I am just addressing what was recorded in the draft JIT report.

ADV SIBEKO: And you say that you, the recordal of the statement that you have quoted from the draft JIT report, provides sufficient basis for the veracity of these allegations.

DR YOUNG: Yes. I think so, or certainly, it might not be court quality, but we have agreed that this is not a court. It is a Commission. And the Commission should be interested in all of these things. That is why, in my [indistinct] view it is good enough and it is a reasonable issue, to

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bring before the Commission of Inquiry. Certainly, of course, if it is true and of course, this can be followed up. I mean the, this, I do not think the, the purpose of this Commission is just to stop at that, of course, that this can be followed up. Of course, I have tried to follow this up myself  
5 and indication is that the people in Armscor or Denel left Armscor 15 years later. Is the person who will speak to me of course, is that, yes, this is indeed true. Of course, it is [indistinct] is the kind of a tautology and wide stream and that is the term of dismissal. But, if I may, it is this particular recordal, mainly the draft report at page 532, it is page 532  
10 and it says, at paragraph 11.5. 11.4 that:

*“During consultations with witnesses it is alleged that Messrs L Swan and S Shaik had intimidated certain staff members, who had been opposed to the awarding of the contracts to Turbomeca (as an independent helicopter contract.) The staff members concerned had  
15 been threatened with dismissal if they dared to openly oppose the said two persons.”*

I think that that is short, sharp and sweet and not belabouring the point. But, if this is true, it is not my onus to prove that it is true. Hopefully it will be followed up and those people will be brave enough to come  
20 forward, just as I am doing now.

ADV SIBEKO: Now, Chair and Commissioner Musi, you will notice that in the file seven, oh, file six, at page 1951, there is reference to, and RMY 111. Now, that is a draft JIT report. It was contained in two supplementary files, 6A and 6B. It is because could not be fitted in here.  
25 But, for purposes of the record, the, the passage that the witness has

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referred to is found in file 6B at page 1524 and that is where the paragraph may be found. Now, Dr Young, in terms of your statement, as from paragraphs 520, you introduce a discussion there, of a joint investigating and joint investigation and the JIT report. I, I propose that, 5 for the, the flow of the evidence, we park this discussion for a while and go to the section of our statement, where you deal with allegations, involving Thabo Mbeki. You will see that, there, there you start it at page 148 of your statement of your statement, which is at paragraph 585. We will then, at the end, deal with the issues, referred to, with 10 regard to the JIT and the draft JIT report. Once we have dealt with the issues you address, as from page 535, going forward and the various witnesses.

DR YOUNG: Okay. Maybe I can say, at this juncture, regarding the whole, my, dealing with the, the JIT, the JIT report, I have read the terms 15 of reference of this Commission a couple of times and I think I have ventilated it with various minds, better than mine. I, I cannot be 100 per cent sure, either, whether it is directly relevant to the terms of reference, or whether the Commission even wants to hear me on this. So, it is a, it is fairly substantial chunk of text, at least. So, if the, if the directive is 20 and knowing the contents of what I, is that it is not relevant to the, to the Commission's terms of reference, or to its interest, then skipping to the, the next thing would be an otherwise, the proper thing to do.

ADV SIBEKO: At this, let us park it for now. That is just for the moment. We will cross that bridge, when we come to it. Let us deal 25 with what is, the discussion that commences at paragraph 585

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...[intervene]

CHAIRPERSON: I am sorry, Advocate Sibeko. I did not quite hear the first portion of this, of your [indistinct]. I heard what Dr Young was saying. So, but from there, I could not hear that what you are saying. I think, your suggestion is that this draft report seems to be, it might not be of any value to us and he wants to skip it, if I understood him.

Because it is, as it seems, the draft report, if it was changed, we do not know where it was changed, probably the courts or in the office there or realise that and then they made a first draft report, they made the mistakes. Dr Young's suggestion that we should skip, maybe we should skip there. You try to require him, when we did not quite hear what you were saying.

ADV SIBEKO: Yes. Chair, I was saying to Dr Young that as I had suggested that we park that subject matter and deal with the rest of the evidence, as I had proposed initially. He seems to accede to the suggestion I have made. Alright. Dr Young, do you have paragraph 585 of your statement? It is your page 148.

DR YOUNG: Yes. I do.

ADV SIBEKO: Now, if you could bear with me for one moment. For purposes of this evidence, I think, it would be convenient to have in front of us file six continued. While we are there, we can go directly to what appears at page 2776. The discussion is picked up at [indistinct] RMY 123. Dr Young, it will be your document 0165. Now, you start in the discussion at page 585 of the statement, about making reference to the growing confidence that Thomson CSF had, with regard to the Corvette

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combat suite, at some point. This is something that you touched on briefly a couple of days ago. Could you continue with that?

DR YOUNG: Yes. I remember, this is obviously, by way of introduction or coming to the specific interactions, which you know, I am pretty sure  
5 are on, no, or it was certainly allowed by MODAC in the MD 41 statement, 147. But, it involves Thabo Mbeki. Initially, in his position, as the Deputy President and thereby Chairman of the Minister's Committee. What I think, I will be showing that there seems to be a lot of interaction between the bidding party, being Thomson CSF, you know,  
10 either directly, or through various people, such as the person I mentioned, Yusuf Surtee as an interlockator. You know, clearly, this, eventually leading in, of course, to Thomson, through the South African company that was bought, ADS, winning the line share of the Corvette combat suite. I think the, the documentary evidence is fairly clear and  
15 self-explanatory in that regard.

ADV SIBEKO: You say that the period, during which this interaction took place, late 1997 to 1999 is important. Why?

DR YOUNG: Because, sorry, because on the 23<sup>rd</sup> of September is when the SDP's were formally initiated. It might be 23<sup>rd</sup> of September,  
20 when the RFI's and the request for information were received. But, certainly, it is in September 1997 that the SDP's were formally initiated as, as they, they govern themselves from these government to government offers. The period, up until the 8<sup>th</sup> of June 1999 is when the decision making Project Control Board formalised the selection of, of the  
25 combat suite and its equipment, much of it being awarded to the French

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company, Thomson CSF and its South African subsidiary, if we may call it, ADS.

ADV SIBEKO: In your paragraph 587, you refer to an encrypted fax, dated 28 November 1997, from one Pierre Moynot of Thomson CSF.

5 What did this fax deal with? This is RMY 123, on said page 2776.

DR YOUNG: Okay. In most instances, I am referring to documents that also came out of the Shabir Shaik trial, because of course, that involved Thomson and this whole issue involves Thomson. In that particular case, we have French documents and where possible, I have  
10 tried to provide the French document, the original signed document at first and the official English translation, done by Mr MA Spectos, your translator. So, the, of course, not speaking French that is what I will be referring to, in my evidence.

ADV SIBEKO: So, the, the English translation of that document starts  
15 at page 2778 of the bundle. What is the significance of this fax?

DR YOUNG: Okay. Alright. Here, well, I suppose, for the contexts, we need just look at the very first point, saying:

*"This afternoon, I met with the person, responsible for the short list, who confirmed the following points to me."*

20 There is a note, here is the short list. So, they are not 100 per cent sure. Oh. Yes. Well, it is fairly clear, yes. They do not refer to the translator's notes, the French word le tailleur which means the cutter. Anyway, I think, it is now common cause. Because it was testified by the person, who wrote this document, I believe, it is Pierre Moynot, in  
25 the court that le tailleur was Yusuf Surtee. The previous document, it

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introduces Yusuf Surtee, who he is. Anyway, it would seem that, as I have said, because it would, at this stage of the process, at least, it was Yusuf Surtee, who was acting as an interlockator, at least, as a conduit of information, between the French and the Deputy President. It is certainly interesting that somebody had his hand in the company's marketing documentation to somebody who is now formally involved in, in respect of the strategic defence packages. Whether or when MINCOM actually got formulated, I do not think that that is relevant. But, nevertheless, it is the interlockator, who says that the Deputy President is very satisfied, which I believe, about the offsets offered.

ADV SIBEKO: Were you reading that document from?

DR YOUNG: Sorry, it is at my page 305, somewhere, in the English translation, the bottom paragraph, starting with four.

ADV SIBEKO: What is the date of the document, you are reading?

DR YOUNG: The English version has got the 28<sup>th</sup> of 11<sup>th</sup> 1997 and if I loose my place and go back to the top and look at the French version, by the top, it is an encrypted fax again. Now, clearly very sensitive, it has the date the 28<sup>th</sup> of 11<sup>th</sup> 1997.

ADV SIBEKO: I, I thought the document you were referring to is the fax, dated 23/9/97, RMY 123, your DT 0165.

DR YOUNG: Yes, indeed. Yes, indeed. That is the first document that I opened. But, my, I guess I am wrong, you then referred me to the next document. That is why I am referring to that. But, be that as it may, I have got it here as if I am wrong. Both documents are relevant.

But the first one is, really, to introduce, who this Yusuf Surtee is and in



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the context of what he was doing, as an interlockator, in respect of people in the South African government and with a very [indistinct] of Thomson CSF.

ADV SIBEKO: Now, but, in this translation of the document, you are  
5 referring to, it is at our page 2778, where, where is reference made to Yusuf Surtee, in this document? Which paragraph is this?

DR YOUNG: I am looking at page 3 of 4. That is just above the translator's signature. The last paragraph.

ADV SIBEKO: That is the last paragraph of that document?

10 DR YOUNG: Indeed, that is indeed correct, yes.

ADV SIBEKO: Anything else you need to refer to, in this document?  
Or can we move to the next document, our RMY 124?

DR YOUNG: No. It is suffice to say that this is who Yusuf Surtee is and what he was doing. It says:

15 *"He appears to be closer to Mandela than my first."*

So, so clearly, this is something that was, was ongoing, you know, at the top levels. Jean-Paul Perrier was the president of Thomson International.

ADV SIBEKO: Then, if we can proceed to RMY 124, which starts at  
20 2780, your DT 0166, the English translation of which starts at 2782. That is the document you were considering, earlier on.

DR YOUNG: That is correct. I think I have dealt with the first sentence of paragraph 4, at the end of that page. But, carry on, it says:

*"To my question, as to whether, under present circumstances, our bid  
25 could have any chance, he said that we should submit it as soon as*

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*possible. Then (this is the most important part) then a little later on, he repeated that he had obtained assurance from the Deputy President that we would be awarded the combat system and the sensors."*

And I think, that is my, well, the important point is this, at this early  
5 stage, in September 1997, Thomson was getting the assurances, in the  
beginning stages of the formal acquisition process. I talked about my  
previous evidence, regarding price and that, is there growing confidence  
of winning this thing. So, maybe growing is the wrong word. I think it, it  
was not, it certain grew from the previous document to now. But,  
10 certainly, this is a basis of the conduct, which they then proceeded to  
negotiate their R2.6 billion contract.

ADV SIBEKO: You indicate at paragraph 588 that documentary  
evidence indicated that Mbeki met with Thomson CSF Chairman and  
other officials in France, during April of 1998. For that reference, you  
15 refer us to DT 1-0192, our RMY 125, which starts at page 2785, with  
what appears the English translation, at 2786. What passage would you  
like to deal with, refer to, in that document?

DR YOUNG: We are referring here to the document, which is the  
Chairman Ranque's report, Chairman Ranque's visit.

20 ADV SIBEKO: That is the document.

DR YOUNG: Yes. Okay. I, we skipped over an introductory  
paragraph to this. I think, I had that open at the previous document. I  
am sorry to go back, but I need to go back to the very last notes, no, it is  
not the very last, it is in the last on this particular page. It is page 4 or 5  
25 of the previous document, the one, where I say is the, the Deputy

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President's assurance that we will be awarded the combat system and the sensors. I did not quite finish that. It is an introduction sentence to the next, the next document, to which you are just referring.

ADV SIBEKO: [Indistinct] you can do the [indistinct].

- 5 DR YOUNG: Okay. It says, under the section that says II, other information that, I was reading the paragraph, it seems, below that. It says:

*"My feeling is that our friend is certainly reliable and I believe that if we wish, if not to sell Corvettes."*

- 10 Which was not Thomson's job, it was combat suites alone:

*"Then at least, to secure the combat system and the sensors, a visit by JPP to the Deputy President should be arranged as soon as possible and should be used as an opportunity for him, to meet with Jacob Zuma."*

- 15 Specifically, because that is an introduction of them, setting up, first of all, the meetings, to which I come and also this communication channel, using the interlockator, Yusuf Surtee.

- ADV SIBEKO: We, we are now at that document, at page 2786. Any specific paragraph, you would like to draw the Commissioner's attention  
20 to?

- DR YOUNG: Yes. Here are some indicators as well. As I have also alluded to Pierre Moynot's evidence in the Shabir Shaik trial is, working the political route. This is documentary evidence of that. Again, this is another encrypted fax, clearly showing the sensitivity of it, by [indistinct]  
25 again, Pierre Moynot and very high level people in Thomson. But,

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again, in paragraph 3 he refers to:

*"The taylor told me that N Mandela would be there."*

He is trying to get the Minister of Defence and at the moment, he does not seem to think Thabo will be there. Be that as it may, that is not the point I am trying to make. [Indistinct] meet him:

*"The problem is that the priority goes to Mandela."*

There is also a reference in, in paragraph 6. He says, for JPP who is actually the vice-chairman of Thomson, this is in respect of a visit actually, by the chairman, Jean-Paul Perrier's boss, Chairman Denis Ranque. Clearly, the very, very, this must be really an important meeting, to meet Zuma. So, it is, certainly, it indicates there, wanting to us to meet, set up meetings with Mbeki. Of course, indicating directly of wanting to meet Mandela and a meeting with Zuma, as well.

ADV SIBEKO: Now, is there anything else you need to deal with in that document?

DR YOUNG: No. I do not think so.

ADV SIBEKO: You proceed, in paragraph 589 of your statement that: "Court records also show that on or about 17 December 1998, Mbeki met with Jean-Paul Perrier, Michel Denis and Bernard de Bollardiere of Thomson CSF of France at its head office in Paris."

And you referred to your document, DT 1-0325, our RMY 126, which starts at page 1787. Do you have that document?

DR YOUNG: Yes. That is correct. I have it. It is at the very top, the indicated the last four digits of that number 4068.

ADV SIBEKO: What do those digits signify?

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DR YOUNG: That number is to indicate that this is a, I think, a DSO investigation document number. These are the documents that were, that came out of the Shabir Shaik trial.

ADV SIBEKO: Alright. Okay. For purposes of identification, that  
5 document is on the Thomson CSF International letterhead and it is addressed to His Excellency, Mr Thabo Mbeki, Vice President of South Africa. It is dated December 18, 1998. What is the significance of this document?

DR YOUNG: Yes. It is not only the date of the 18<sup>th</sup> of December  
10 1998. It is dated in Paris. It refers to a, as far as I can work out, from memory, a meeting that had been the previous day. Anyway, I am just trying to show that I do not read the whole document into the record, if I can avoid it. But, anyway, it is a thank you letter from, written by a senior executive, Bernard De Boilardiere, Senior Vice President of  
15 Thomson. He is of Thomson International, on behalf of his boss, Jean-Paul Perrier, colleague, that thanking him for the audience granted, by us to your stay and we deeply appreciate your advice, relating to the present situation in South Africa. I think, ja, that the next, the next, the, the same letter refers to Her Excellency Ms [indistinct] Barbara  
20 Massekela. Then, the next document is a letter, written in French to her. She was the, the South African Ambassador in France and that is further confirmation that the, the meeting did happen. I am sure that the thank you letter to both of them would not have been sent, unless it happened. But, clearly, at the bottom of this letter, there is a very important footnote  
25 kind of thing. It says:

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*“Enclosed a resume of Thomson CSF’s strategy in South Africa.”*

And some of these, and a typed note after the fact:

*“We are discussing at the moment with Futuristic Business Solutions (PTY) LTD.”*

5 That is General Moloi, as in General Moloi became the Chairman of ADS. So, he was a Director of Thomson. I know, from the documents, you will see where, yes, indeed, I think that these are consecutive numbers. This is where somebody else’s numbering system is greatly assistance to me. The very next serial number of 4069 seems to be  
10 relevant here.

ADV SIBEKO: That is the next page, 2788.

DR YOUNG: That is correct, yes. What is of importance that you want to draw the Commission’s attention to, in this document?

DR YOUNG: Well, there it is of crucial importance. But, certainly, the  
15 date of the 18<sup>th</sup> is important. In that, it is something that was attached, you know, after the meeting. Anyway, it is in respect of, as it says itself, Thomson CSF, Naval defence programmes and it, it specifically refers to Thomson, which, as you know, was only involved in the, the Corvette combat suite part. It had no direct interest, at least, in the other part of  
20 the SDP’s, including even the Corvette itself. It relates, it says the present note explains why the various interests of SAN and the RSA government will be protected, through ADS, under the umbrella of Thomson CSF. I do not think I need to go through all of this. But, I think it is, it is a fairly comprehensive document that, in my review of it,  
25 cannot mean anything other, than their discussions with Thabo Mbeki. It

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was nothing else to do with the strategic defence packages, at this stage and of, of the 7<sup>th</sup>, I think the 17<sup>th</sup> of December 1998, which is a month after the preferred suppliers had been selected. So, at this stage, here we have the chairman of MINCOM interacting with, what is a  
5 subcontract, at this stage. That in itself is interesting. The very final paragraph here is, or point is three, conclusion and it says and obviously, this was whether or not, it was discussed the day before, other than that I cannot, but at least, it was put to, it was put to Mbeki the day after in the context of the discussions. It says:

10 “By selecting ADS for the supply of the Corvettes and submarine combat systems, SAN (the Navy) will strongly help the future development of this company in terms of high level education and training, employment and technological capitalisation of the whole country.”

But, at least, it does refer to combat systems and both that I have tried  
15 to indicate before, both for the Corvettes and the submarines.

ADV MOERANE: But, Chair, I think, the recent tender of evidence seems to violate the ruling that was made. The witness is trying to interpret a document, without, in the first place, identifying the offer and trying to connect it with the previous document, about matters, which he  
20 has absolutely no personal knowledge of. It is, it is really our objection, of the tenure that this evidence is taking.

ADV SIBEKO: Chair, the witness has identified this document as a document taken out of the, one of the documents it a trial, involving Thomson CSF, a player in the combat suite. The witness, as in fact, I or  
25 he has mentioned that, whether it was by design or [indistinct] that the

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series of the numbering was of assistance, to make sure that there is no doubt that the three, or that the entire document relates to the said matter.

You will notice that the document, which starts at page 2787 makes  
5 reference to the programme, or the resume of Thomson CSF and that Thomson CSF started to in South Africa. There can be no doubt that this entire [indistinct] relates to the same transaction.

I would submit, with respect that the objection to the extent [indistinct]  
it seeks to suggest that there is, the witness has not demonstrated any  
10 connection between the first document, at 2787 and the last two pages of that annexure. The objection is [indistinct].

It is indeed correct that the witness is not the author of this document and perhaps, he has no personal knowledge of it. But, the document speaks for itself.

15 CHAIRPERSON: Advocate Sibeko, I agree with you. The document speaks for itself. Now, what is the purpose of him reading the document, or trying to explain to us, what the document means? Once he has referred us to this document, I think that should be good enough.

He is not the author of that document and I am sure we do not need  
20 his assistance to read the document. He has made the documents available to us. Let us move on. He does not have to read in detail, what this, what this paragraph means.

If you connect it with another paragraph and therefore, you come to this meaning. We do not need that. Once he has referred us to this  
25 document, they are in front of us. We will be in a position to read.



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I think, that is where the objection is valid. We are going back to what he have been trying to resolve, for the rest of this week. He has referred us to the document. The documents are here. We will read them. Maybe try and make sure that you avoid, what we have been  
5 trying to avoid for the, the whole of this week.

ADV SIBEKO: Indeed, Chair, we are trying. But, he, in the course of seeking clarity, as to how to deal with these documents, it was our understanding that once we refer to documents, then we say, or the witness identifies the point, he seeks to elicit out of the document, he  
10 could do so, by referring to specific paragraphs. It was my understanding that this is what the witness was doing.

CHAIRPERSON: I, I agree with you, this is what we have agreed. But, I am not sure, whether I agree with you that this is what the witness is doing. He has been reading very extensively from these documents.  
15 We do have the documents in front of us. We can be in a position to read them at, on our own time.

ADV SIBEKO: We shall try and stick to the, the ruling that is, or the terms of the ruling then. Please be mindful, Dr Young, when you deal with the documents, I want to [indistinct] the terms of the ruling, once  
20 again.

DR YOUNG: I, I, sorry, I, with all respect, I do, I do need to state at this point. I prepared my witness statement and my evidence in a different way. I have given evidence many times in court before. I have never been confronted by a situation like this. If I, I think, my obligation  
25 here to the Commission, to the public, to everybody is to give my best

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evidence. I cannot give my best evidence, if I cannot keep my train of thought. If I had known this before, by looking at other rulings, whatever, I do not think, were, I do not think were made. Then I might be, might have prepared my witness statement differently. But, I think, 5 generally speaking, it is unfair on me, to expect me to be able to keep my train of thought, by just saying, here, here is the relevant document, here is the relevant point. I do need to keep a train of thought. I think, I am giving reasonable evidence. But, I do need, in fact, my own interpretation of the discussions after the ruling, were that there was 10 some flexibility, is that I could address the important points. I am certainly, if I may say so, I do not want to be argumentative. I am certainly not reading out the entire 48 page documents. But, I am trying to limit myself to what is important, what is in the public interest and to keep my train of thought going.

15 CHAIRPERSON: Advocate Sibeko, I am sure you can tell Dr Young that that is not what I have said. Basically, what I am trying to say is that you must try and stick to the ruling that we made. I am not saying that it is not, he is reading the entire document. I am not saying that he is not allowed to read any portions of the document that he is referring to. I 20 am sure, if he tries, he can do better than what he is doing now.

DR YOUNG: Sorry, may I just ask you to repeat that last thing? Am I permitted to read the relevant parts, if they are not too long?

CHAIRPERSON: You are permitted to read the relevant parts. What I am saying is that, I am sure we can try to do better than this, to limit the 25 extent, to which you are reading. I am not saying that you should not

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read them at all.

DR YOUNG: Okay. Unfortunately, I have to say, I will have to treat this as a bit of a learning experience. I am trying to get better. But, I am doing the best that I can.

5 CHAIRPERSON: Yes, Dr Young, I think we were just about to start dealing with your DT0326. (indistinct) 127 where you mentioned that this is in support of your (indistinct) and 539 (indistinct) show (indistinct) of officials of (indistinct) CSF.

DR YOUNG: Yes. Indeed that is correct, but as importantly we would  
10 (indistinct) that the (indistinct) I do know that it is written in French and I am looking an English version of it, but I think we date the meeting to the 17<sup>th</sup>... the 17<sup>th</sup> of December, the previous day and it also refers in the third paragraph down, you see that the letter was handed to her for further handing on to Mr Mbeki and of course it refers to the up coming  
15 meetings in South Africa which also seems to indicate that they had met Thabo Mbeki again and there seems to be indications of at least an intention in lots of instances. I cannot say for (indistinct) for sure, but I think we can use the word (indistinct) meetings in terms of Novac, but if have look at the documents that I have in front of me. But again the last  
20 sentence or at least the last part of the sentence, puts everything in context, without necessarily relying upon the footnote in the letter to Mr Mbeki, or the consecutive numbering of the documents, but it says if this is possible then we hope there will be time to able to discuss the subject of (indistinct) in our (indistinct).

25 Now unfortunately (indistinct) what is in black and white for us,

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the ADS JV can mean nothing other than (indistinct) Covette (indistinct) and nothing other than (indistinct) defence packages.

COMMISSIONER MUSI: (indistinct) I do not seem to quite understand  
5 (indistinct) between this letter dated 13<sup>th</sup> of December and I see in your statement you have the 17<sup>th</sup>, but the letter is dated the 18<sup>th</sup> of December 1998. I cannot find a connection between this letter and the document (indistinct)

DR YOUNG: Okay, our ... I am just trying to work out what I  
10 understood. Yes, both letters are dated the 18<sup>th</sup> and they refer to a meeting ... they are thanking somebody for the meeting so obviously the letter is written after the meeting. The letter to Pravin Masekela is thanking her for the meeting of the previous day, well it was certainly the previous date of the 17<sup>th</sup> and I do not think there is any other  
15 interpretation that is reasonable at this stage, is that the meeting did not occur on the 17<sup>th</sup>. That certainly my conclusion. I think that is a reasonable and valid conclusion to make. Did I answer the question correctly and quickly?

COMMISSIONER MUSI: Yes, no, I follow that you draw that  
20 conclusion, but this document that follows does not seem to be a (indistinct) of meetings. It seems that they are a document for such discussion and I am not sure by whom.

DR YOUNG: May I enquire what document ... when you say Commissioner Musi, the following document?

25 COMMISSIONER MUSI: Ja, the one that is annexed to

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Annexure RMY126, the one that follows (indistinct) on 2788.

CHAIRPERSON: Commissioner Musi, perhaps if I may assist. The witness has already (indistinct) if you have regard to what is in page 2787, the second last line, just below the signature, it says :

5       “Enclosed a (indistinct) of Thompson CSF Strategy in the Republic of South Africa.”

Now the next page which is an Annexure to the DSA (indistinct) at the top right hand corner, has Thompson CSF (indistinct) and it mentions there that :

10       “At present (indistinct) explains why the various interests of (indistinct) RSA Government will be protected through ADS under the umbrella of Thompson CSF”

And it sets out under paragraph 1 general strategy. The next page, paragraph 2 :

15       “(indistinct) programme.”

In paragraph 3 conclusion. That appears to be the resume referred to on the first page of that letter.

COMMISSIONER MUSI: I agree with that. But (indistinct) that reflects a meeting to any particular parties, for was it a discussion document  
20       emanating from the (indistinct)

CHAIRPERSON: Commissioner, it is a (indistinct), it does not refer to a discussion document. It is a resume that is annexed to RMY, page 2787 of that annexure.

COMMISSIONER MUSI: Thank you.

25       DR YOUNG: Mr Chairman, if I may with some reluctance, I

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understand that you are referring to this document because (indistinct) involving (indistinct). I do not think that that is the position. I have since yesterday at 11 am sat on my hands and my fingers and (indistinct) which (indistinct) were numb. But I think that this demonstrates aptly the dangerous part of the evidence or information (indistinct) this way. I simply wanted to record that (indistinct) argue that none of this is anything other than information. It is certainly not evidence.

CHAIRPERSON: Advocate Sibeko?

ADV SIBEKO: With respect, Chairperson, I would submit that the point that is brought to the attention of the Commission, I am not certain whether it is an objection per se. But to the extent that it is sought to be suggested that these documents do not come from ... or are not evidence before the Commission, or do not constitute evidence elsewhere, I believe that is a matter that will be raised in the cross examination, to allow the witness to deal with the such a matter.

CHAIRPERSON: Okay. I think then Advocate Sibeko let us continue. The question regarding the admissibility of these documents, can be dealt with at a later stage. Then Advocate Sibeko maybe if Dr Young can avoid to draw conclusions from these documents. Unless if he feels that you know it is quite necessary for him to draw conclusions. Because I think that is part of the problem where he may read a document, get his own understanding and try and tell us what that document means. He can read them (indistinct) try and avoid drawing conclusions.

MR TSATSWANE: Chairperson, I do not know if this (indistinct) if the

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evidence leaders were to indicate to us whether the purpose of bringing this document to your attention, is to prove the truthfulness or the contents of (indistinct), or if it is simply to place it before you and say these documents exist and this is what they say, and you can then draw  
5 your own conclusions from it. But this is ... they do not want to at the end of the day argue that the contents of these documents are true and correct. Then that may require them (indistinct) different considerations to (indistinct) and then the question (indistinct) of whether this witness can testify (indistinct) the contents of it. If he cannot, they must indicate  
10 (indistinct) this document before you and then they can argue (indistinct)

CHAIRPERSON: Thank you, (indistinct) Advocate Sibeko?

ADV SIBEKO: Chair, it does appear as if we need to revisit the submissions that we made previously. This process is inquisitorial. It seems to collect information relating to allegations or the subject matter  
15 of the terms of reference. These documents are being placed before you (indistinct) existence thereof. The witness not being the author of the documents, cannot attest to the truthfulness of the documents and he does not seek to attest to the truthfulness of the documents. Simply to say these are documents that perhaps seek to demonstrate the  
20 existence of a particular fact, information (indistinct) in its fact finding process. We will deal with the contents of the documents at (indistinct) and make its findings regarding the truthfulness of the documents, and so forth.

So it is not the intention of this witness, as I understand it and it is not  
25 the purpose of this exercise, to say that this witness cannot give

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evidence on the truthfulness of the contents of these documents. And in fact (indistinct) as I understand it. But all that is sought to be done through this exercise is to place information before you, which the Commission is gathering in order to make certain findings.

5 CHAIRPERSON: Right. (indistinct) do you suggest that we take the tea adjournment now?

ADV SIBEKO: I am indebted to the Chairman.

CHAIRPERSON: Then we will go on until six o'clock again today, or should we break earlier?

10 ADV SIBEKO: We can (indistinct)

CHAIRPERSON: We can try six?

ADV SIBEKO: Yes.

CHAIRPERSON: Thank you. I think let us come back at about ten to four. Thank you.

15 **(COMMISSION ADJOURNS)**

**(COMMISSION RESUMES)**

**RICHARD MICHAEL MOBERLY YOUNG**: (s.u.o.)

ADV SIBEKO: Dr Young, before the adjournment you were dealing with the (indistinct) demonstrating that Deputy President Mbeki at the  
20 time, had met with officials of Thompson CSF. You made reference to the two documents and now you make reference, a further reference to the fact of the meeting of 17 December 1998, at paragraph 590 of your statement and perhaps before we deal with that, may I just remind you of the previous discussion we had with the Chairman, as well as the  
25 objections that you have heard and the ruling that seeks to direct the



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tendering of your evidence through the documents.

DR YOUNG: Yes. My understanding is that I cannot read out entire documents but I can read out snippets of it that are relevant to the theme that I am trying to get across as well as identify the origin or the source. Not the source of the ... the people who wrote the documents. That is my understanding.

ADV SIBEKO: We are now dealing with the document (indistinct) 128, it appears on page 2793 of our bundles. That document is written in French. There appears to be an English translation at page 2793 of our documents.

DR YOUNG: Yes, I have that document in front of me.

ADV SIBEKO: At (indistinct) with regard to this document, starts at page 590 and it goes right up to 593, paragraph 593 of your statement. Can you just deal with that?

DR YOUNG: Okay. I suppose what I have said here in my 593, is self explanatory, but seeing that I have to give oral evidence as well, I do have to say something. Of course it is a little bit difficult to know exactly what to say.

ADV SIBEKO: I indicated earlier that your discussion on this subject starts at paragraph 590 of your statement. It goes on to paragraph 593.

DR YOUNG: Yes. That is correct. Okay. I suppose it will suffice to address this document from (indistinct) a memorandum, I think. It is a recordal I will say of the same person who wrote the thank you letter of the meeting which I think happened on the 17<sup>th</sup>, had previously written this document as indicated at the top by 780541 document. So it is in

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the same series of that. It is indicated as being written by BPP (indistinct) on the 27<sup>th</sup> of November 1998 and in English he records as meeting Mr Mbeki. I do not want to go through anything other than I have to. But there is a reference which supports what I say about

5 Thompson getting its share of the Corvette combat suite through its purchase of ADS and that is indicated half way down the page, where in brackets it refers to something involving our investment in ADS of R16 million. More importantly if you read the next block, it is just two paragraphs, and I think it goes well to support the contentions that I

10 have just made, about the interactions between Thompson as a sub-system supplier and the Chairman of (indistinct), which says (indistinct) already (indistinct) he had accessed six months ago to your President Mbeki, the Deputy President and at that time handed the name of a partner company (indistinct), that stands for Consolidated Network

15 Investments (indistinct) to play the black empowerment role in ADS and thus be our political guarantee. This company has since the (indistinct) trying to give this role to one of the member companies of the local consortium FPS, which seems to have the backing of the ANC. Besides a contact who we consider authorized Mr T Mbeki recently (indistinct) by

20 Mr JP (indistinct) that a (indistinct) member requirements (indistinct) black empowerment, we could receive a clear message from the President on the subject (indistinct)

ADV SIBEKO: You have set out your observations coming out of that and (indistinct) 593 of your statement.

25 DR YOUNG: Chair, did you say my paragraph 593?

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ADV SIBEKO: 592 and 593.

DR YOUNG: That is correct. Like I say it is difficult to avoid the conclusion that this was in respect of Thompson and ADS in respect of the Strategic Defence Packages and the combat suite in particular.

5 ADV SIBEKO: That is paragraph 5.5 and we refer to a further letter from Thompson which seems to suggest that there was this continued interaction between the company Thompson CSF and President Thabo Mbeki at the time. This is your document 0333, our RMY129 which is at page 2796?

10 DR YOUNG: That is correct. I think at the very least seeing that these are released (indistinct) it seems to me that they are looking at (indistinct) and these are genuine Thompson CSF documents, that at the very least one could conclude that that certainly was the intention of Thompson CSF, obviously not being involved... invited to the meetings  
15 and then not being (indistinct) and having the minutes, I can only make my ... draw my conclusions from what I see in front of me. But certainly the first one is a request for obviously a further meeting, because it is stated the 15<sup>th</sup> of December 1999 and the indications seem to be that at least there were detailed arrangements made for such a meeting.  
20 Particular dates set aside and a detailed itenary and on the bottom of that document, headed by number 7807360, it records a ... at least their intention and even the details of the meeting.

ADV SIBEKO: The document you are referring to as the itenary is our RMY130 at page 2797 for the record. Page (indistinct) section of that  
25 document that you referred to.

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COMMISSIONER MUSI: (indistinct)

DR YOUNG: The section that I wanted to refer to that (indistinct) I am referring to the whole document with regards to the detailed itenary and the specific point I was coming to, was the very last little section there  
5 above the sworn translator's signature, recording their intention or their arrangements to have meetings with Chippy Shaik on the 10<sup>th</sup> of February at 14:00. That does not sound like just an intention. It sounds like something pretty much organized. Of course this is in respect of somebody who has declared their conflict of interest regarding  
10 Thompson and ADS and their interest in the Corvette combat suite, and Thabo Mbeki, Barbara Masikela and Johan (indistinct). So certainly (indistinct) that the meetings happened. It certainly seemed that there were fairly advanced plans made therefor.

ADV SIBEKO: At 596 you also refer to another document that you  
15 have already referred to earlier in your evidence, RMY70 as proof of (indistinct) or as something demonstrating the interactions between Thompson CSF and officials in the South African Government?

DR YOUNG: Yes, that is correct. As I have ... as you have correctly pointed out this is a document that we addressed some time ago. I  
20 have just opened it up again of course, and I think I initially introduced this in the context of Chippy Shaik's interactions with Thompson and the (indistinct) group that he was involved with regarding his brother Schabir Shaik and Jacob Zuma and of course Jacob Zuma was a high level political person, and I refer to the reference of the (indistinct) talks.

25 Of course it is juxta positioned a little further down. I do not know

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whether I have addressed this, but certainly (indistinct) the last sentence of paragraph 2 there, 2.2, and he would not have stated this if it was not relevant. He says :

“No (indistinct) that Jacob Zuma would be involved in the future  
5 Cabinet.”

And I will say that there are ... I do not know whether I have addressed it, but there are very strong other documentary indicators of Thompson’s meeting in London with Jacob Zuma.

ADV SIBEKO: Perhaps (indistinct) the document referred to  
10 (indistinct) is at page 367. I apologise, it is referred to at paragraph 367. It is at page 1361 of the bundles at ... I think it is in file 4. I do not know, but it is just the reference (indistinct) the evidence that the witness has just tendered, emanates from that document. Now Dr Young, (indistinct) at 598 you start dealing with your conclusions or observations arising  
15 out of the documents you have referred to. Could you take us through?

DR YOUNG: Yes. My understanding is that conclusions and an analysis is trespassing on hallowed ground, so (indistinct) I am directed to (indistinct) things and I would leave it at that.

ADV SIBEKO: So what is your contention that the documents that you  
20 referred to demonstrates interaction between Thompson CSF and among other persons, Thabo Mbeki, Barbara Masikela and this is what gave rise in the confidence of Thompson CSF in its intended acquisition of the combat suite.

DR YOUNG: I think that is a very fair summary, but possibly just to  
25 add and also (indistinct) is the ... it this is all true there cannot be any

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doubt that the acquisition process was working in a completely parallel political route, to the standard Nodac (indistinct) 147 (indistinct) it just cannot be right.

ADV SIBEKO: That (indistinct) in the theme of your statement as it  
5 continues right up to paragraph 603 of your statement, would that be a fair assessment?

DR YOUNG: Yes, we could actually take it as far as 606, but if you would like me to address that particular document, I am quite happy to do so.

10 ADV SIBEKO: The document you are referring to is LMY131, which is your DT0433. LMY131, appears at page 2798, it is at the end of paragraph 604 of the witness statement.

DR YOUNG: Okay. I will address that document again. It is a French document written by (indistinct) the author of the encrypted fax. There  
15 was a whole series of encrypted faxes as this one was (indistinct) written on the 17<sup>th</sup> of May 1999. (indistinct) you then come to the English translation of it and as we are aware, previously the French, Thompson CSF had had dealings with Barbara Masikela, by this stage the former ambassador of South Africa and then at that stage the  
20 current ambassador of course in Paris and then the, one, two, three, the third and the fourth paragraphs are relevant and that is the French called Mrs Masikela as confirmed (indistinct) was authorized to handle matters on behalf of Thompson CSF and that he had all the confidence and she had (indistinct) okay, nevertheless maybe he had all her  
25 confidence. This is a translation and that is why I was trying to gather

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my wits about what that means. Barabara also explained that for ethical reasons being an ambassador in Paris until 19 ... it says 1988, I do not know what the French version says, clearly 1998, it was not possible for her to be in a direct business relationship with a French company which  
5 (indistinct) explains her association with J Krugel.

ADV SIBEKO: (indistinct) some interest that she had with Krugel from Thompson CSF according to this document it seems?

DR YOUNG: Yes. I pointed out one (indistinct) I think that there are quite a number that ... and I say this from memory is the person who  
10 wrote this document Allan (indistinct), was the same ... in South Africa and there were very many interviews with either Barbara Masikela or Jurden Krugel, or both over I think the next say six months to a year, but over a considerable period of time. So clearly this just did not die at this point and there has to be some meaning behind this kind of business  
15 relationship that (indistinct) has alluded to.

ADV SIBEKO: Now that would bring us to the end of your (indistinct) the interaction between officials of Thompson CSF and Thabo Mbeki who was the Deputy President at the time, with regard to the growing confidence of Thompson CSF in acquiring the combat suite. This then  
20 brings us to our discussion of the conflict of interest relating to Chippy Shaik and this is a subject you started to touch on in various (indistinct). You start at paragraph 607 of your statement.

DR YOUNG: Yes. Of course this is a subject that is (indistinct), in the whole greater scheme of things. This particular (indistinct) heading  
25 (indistinct) here is where (indistinct)together so I am going to try to avoid

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repetition. I think possibly as well ... there are possibly even some aspects that might even be common cause. Such as my paragraph 607. So mindful of the time and the rulings and the directives, I would try to go straight to the crux of the (indistinct).

5 ADV SIBEKO: Yes, as you correctly point out paragraph 607, 608 and 609 are (indistinct) is evidence before this Commission (indistinct) with these aspects. So you can go straight to the (indistinct)

DR YOUNG: Well, (indistinct) that 610 is also common cause that in May 1998 Shaik was appointed as the (indistinct) Chief of Acquisitions, 10 although he had been designated to take over this position (indistinct) point in time and then for the record it is important that position of Chief of Acquisitions is a very important one in respect of the authority and he responsibility as (indistinct). The special defence council which (indistinct) were funded and which is relating to things like the ... in the 15 147 which we will come to as well, I think it is fair to say that he was also in control (indistinct) and planning relating to all acquisitions of the Department of Defence.

ADV SIBEKO: Right, it also appears now to be evidence before the Commission. The issues set out at paragraph 6.11.1 up to 6.11.6. 20 Perhaps there is a point you want to make in the introductory paragraph of 6.11.

DR YOUNG: Well (indistinct) my point of view from a careful analysis of all documents to which I have had access as in these (indistinct) in summary of why on the one side of course a conflict of interest is a coin 25 with two sides, like most coins. The conflict of interest are the same and



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on the one aspect being an official representative and a fund manager and the Chief of Acquisitions. These are positions that he held and of course as what I think is common cause now, is that he himself ... he himself recorded this conflict of interest at the (indistinct) control board meeting on the 4<sup>th</sup> of December 1998, and of course the reason for that was ... okay, at that stage it was after the preferred suppliers had been selected by the Government and of course, when the ADS and the combat suite was coming into play. In this respect I would like to address other people's perspective of the so called why a conflict of interest existed and how (indistinct) there was a declaration of recusal.

ADV SIBEKO: You started dealing with that at paragraph 6.12 through the evidence of Mr Humphrey at the Section 28 (indistinct), is that correct?

DR YOUNG: That is correct.

ADV SIBEKO: And that is the document you have already referred to, KMY93 which is at page ... it starts at page 1739 of our bundles in file 5.

DR YOUNG: That is correct. I was actually just looking at the document itself and I have not done it, it seems to be page 1252 of the transcript.

ADV SIBEKO: 1252 of the transcript. Our page 1744 of the bundle. The passage you wish to refer to starts at line 5. Line 6.

DR YOUNG: That is correct. I think I have already disclosed who the interviewer is, it was Jan Swanepoel and I stand to be corrected, but he introduced the topic of the conflict of interest by saying: "While we are on the topic of the PCB the conflict of interest disclosed by Mr Shaik, do

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you know what he disclosed and (indistinct) who was at that meeting, well he says: "I was at the meeting when he made the disclosure. I cannot remember the exact words he used, but it amounted to the statement that he has family ... what I will say what is the word I am

5 looking for is a potential conflict of interest, because of family members being (indistinct) and the members have bought some of the companies involved.

The reason why I had to do that ... is because there was also oral evidence on the record that the conflict of interest involved

10 Chippy Shaik's wife, Serena Mohamed. He worked I think in Parktown at ADS in Midrand and of course she was only a PA, or sorry, I think a marketing assistant and that even in the most (indistinct) I do not think that admission might constitute a conflict of interest. But it is the family members who were directors in some of the companies involved.

15 ADV SIBEKO: Having dealt with that passage from (indistinct) evidence or interview, you then set out the instances in which Shaik you say actively promoted the interests of ADS while he held the position that you have already referred to in the preceding paragraphs.

DR YOUNG: That is correct and I think that ... of course I have not

20 had access to all the SOFCOM and AAC and (indistinct) meetings of which he was the secretary, but he does not ... first of all he only seems to be a recusal in certain instances of the Naval Project Control Board and certainly not everywhere, where the combat suite was discussed. He certainly did not leave the room like he testified that he did. He was

25 involved in the deliberations and (indistinct) in possession of any

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SOFCOM or AAC (indistinct) but I am not aware of any recusal in that regard, either or certainly when the combat suite was discussed in the MINCOM meetings, he involved himself in that.

ADV SIBEKO: You refer also in paragraph 616 (indistinct) that on 5 26 January 1999 Shaik briefed MINCOM on the combat suite for the Corvettes during which briefing he inter alia gave a presentation concerning the combat suite and in that regard you refer to a (indistinct) which is your DT1-0447 and RMY132 which starts at page 2800. Is that right?

10 DR YOUNG: That is correct, yes.

ADV SIBEKO: Is there any specific section of that minute that you wish to draw the commission's attention to?

DR YOUNG: Well, just the fact that it is MINCOM minutes and one of the few that actually seemed to make the public light of day, I think 15 legally as far as I can remember. I certainly obtained it legally. But Chippy Shaik is recorded as being the secretary of that meeting and I think his own evidence, that he was actually of all the (indistinct) meetings. But specifically that particular day. On the second page there is a section titled "Corvettes GFC" and in that particular, I think we 20 have gone through it before, that here is specific information regarding the combat suite, of which of course he has a conflict ... a declared conflict of interest and the (indistinct) specifically is the subject of those discussions and I think of course this was a particularly important decision made although I have said prematurely, on the 26<sup>th</sup> of May. It 25 certainly is the origins of the beginning of the end for the (indistinct)

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ADV SIBEKO: You also refer later in that paragraph 619 to Shaik and his name being mentioned in the German investigator's report. That we have already discussed. Is there anything else that you wish to add with regard to instances of his conflict of interest?

5 DR YOUNG: No, I think that we have actually sufficiently for these purposes at least, addressed enough of them to make my point.

ADV SIBEKO: I see as you turn the page, there are various other instances (indistinct) to page 159 where you will find paragraph 628, where you make reference to the evidence of Mr Swan and you say in  
10 the introduction to that aspect :

"I believe that it is available and informative to gain the view of the Chief Executive Officer of Transport at the time Llew Swan regarding Chippy Shaik's involvement in the SDP's."

In an interview with the (indistinct) he (indistinct)

15 DR YOUNG: That is correct, yes.

ADV SIBEKO: And that is a passage you have lifted from Annexure RMY135. It is your transcript (indistinct) interview 2001 and 19. Annexure RMY135, it starts at page 2830 for the record. Do you have that document?

20 DR YOUNG: Yes, I have just opened it up. Unfortunately I do not (indistinct) pages long and this is a document that I only received I think last week and so I have hopefully at least extracted the relevant (indistinct). I have to be honest although it is a recorded interview, it was not one of the other series of Section 28 interviews. (indistinct)  
25 obviously still known by the same (indistinct). This document is

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indicated as the Llew Swan, Brian Webber, Gilbert Swats and (indistinct) who were working for the JIT, but if I may say this is one of the worst recorded and transcribed documents, that I have ever seen in my life. So please excuse my recordal of what is in there. It is the best that I could do to cut and paste, and in the short time available. I think at the first glance of it, I have probably traversed it adequately but I wanted to do two things, one of course the evidence of Llew Swan and the recorded evidence has never ever been ... seen the light of day before. (indistinct) it is not even recorded in the JIT Report. But in respect of his view as a co-chairperson of the PCB, and the chief of service being a chief executive officer of ARMSCOR, I think that this view is (indistinct). Of course also of relevance is why this (indistinct) and unfortunately I can even see that the (indistinct) cutting and pasting was not so excellent, but (indistinct) at my witness statement starts off with (indistinct) Mr Shaik had the first PCB meeting. I am not sure everybody is on the right place there.

ADV SIBEKO: The passage that you are referring to is in your statement at page 160?

DR YOUNG: Ja, my page (indistinct) have been adding in things. So mine is page 162, but I am pretty sure ... it is paragraph 629 about half way through that recordal of what Llew Swan had to say.

ADV SIBEKO: That passage is ... it appears at our page 2864 of the bundle. Page 2864. Yes, that is the passage where it says :

“Mr Shaik had at the first PCB meeting stated that he had a potential conflict of interest with ADS.”

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DR YOUNG: That is correct. I have found (indistinct) in the PDF document which (indistinct) have to be quite honest (indistinct) a poor transcript and transcription. In all respects I do not want to read out every word including the exclamations it seems to be. So if I may refer to what I recorded in my  
5 witness statement. Unfortunately this is just an indicator that what (indistinct) it starts just after the word ... sorry the non word "Eee" (sic)". It says :

"the reason that I (inaudible) was that it was up to the Department of Defence, they appointed Mr Shaik. He had to be in that meetings, and (inaudible) the information to the ministers as such, and he was the  
10 secretary, he was the **go-between relaying information**, and, and that was (inaudible) to say whether he should be in a meeting or (inaudible). The secretary of defence and that department should have made, in my view, and that is my personal view, should have made the decision on this (inaudible). (my emphasis in bold text)"

15 And I think that although it has been recorded as poor ... I think the point he is trying to make across is that it was not just Chippy Shaik himself, but in fact we will come to that. You see everybody from Minister Modise and Minister Irwin, everybody knew of this conflict of interest and yet they carried on allowing him to act as a go between, between all these different levels,  
20 from at least of PCB right up to MINCOM. In fact I have seen... have evidence I think from Shaik himself where he says as chief of acquisitions he was ... I think he might have actually (indistinct) in these proceedings, that he was also a go between with the other departments regarding ARMSCOR and the Department of Trade and Industry. So he was all over the place and that  
25 influence certainly comes through and my view is that that should not have

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been allowed to happen, because all of these different worlds (indistinct) are meant to ring fence the decision making at each level, certainly (indistinct) between two levels and not right across the board, and that is one more thing ... it was why ... one of the reasons why in my view things went wrong. If I

5 may go on to the next point. Gilbert Swats says :"

"As a board member it was not of concern to you that he may have been privy to information relating to."

Unfortunately it stops. And of course this is regarding to my view what other people's view were of a conflict of interest. It is not just sitting there and even  
10 walking out of the meeting. It is one (indistinct) contact whatsoever and even here is a recordal of having been privy to information and that Llew Swan's view, is yes, it if proved to be a conflict of interest, yes definitely. I think Gilbert Swats asked :

"Just to clear the position Mr Shaik (inaudible) Although you have  
15 indicated that you personally did not (inaudible) in decision making on the combat suite. Would Mr Shaik or any of them would have had access to any of the documentation in relation to that project?"

And Mr Swan's response is :

"Mr Shaik had access to all the documentation."

20 I think that is a pretty important point when it comes to the way the conflict of interest existed and it was actually handled.

ADV SIBEKO: Having dealt with that transcript I suppose you were seeking to demonstrate that indeed there was clearly a conflict of interest, also through the eyes of other persons who dealt with him and you deal with this  
25 at 630 and 631 of your statement.

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DR YOUNG: Yes, that is correct.

ADV SIBEKO: Anything else you wish to add, other than what was said in your statement, before we go to what he said before this Commission?

DR YOUNG: No, I think that would probably suffice.

5 ADV SIBEKO: And as you point out at page ... paragraph 632 with regard to an opinion that you have formed, dealing with this conflict of interest you have referred to his evidence before this Commission. Is there anything specifically there that you want to traverse?

DR YOUNG: Yes. Not in great detail. I think it is fairly clear what I have  
10 set out there. Perhaps what I think is important is that if you declare a conflict of interest then whatever it may or may not have been, then it becomes real. It is not whether you say it is a potential or possible whatever, once it is declared and a recusal is sought from the relevant authorities, the board, then it becomes real and trying to get an opinion in the year 2000,  
15 does not remedy ... not so much the conflict of interest because that is a reality that just becomes to exist. But the most important part of it, is that it does not condone the contravention of the conflict of interest, as seems to be the reasoning for getting a legal opinion in 2000. And the point I am really trying to make from my own perspective is, by getting a legal opinion of  
20 doubtful validity and with no ill respect to ... I think now Advocate Caroline Dreyer, is that she said herself it is a qualified opinion because it is based on really very little information, in fact the sort of information that her (indistinct) just could not possibly be (indistinct). But the point I want to make ... the point is that there was a conflict of interest that was declared and by later  
25 giving an opinion to say (indistinct) conflict of interest, could not have wiped



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clean the conduct that happened between the 4<sup>th</sup> of December 1998 and the ... let us say the 3<sup>rd</sup> of December 1999 when the contract was signed.

ADV SIBEKO: Right, go to paragraph 633 of your statement. I think including its sub-paragraphs up to the end. The sense I get is you set out all instances in which you say the conflict of interest that he says he declared, was not necessarily (indistinct) as he acted in various manners (indistinct) in a number of ways which demonstrated that he did not act in accordance with a person who has an interest in the subject matter, that is dealt with by the bodies, or the various bodies he has been a member of.

10 DR YOUNG: Yes, that is a fair summary.

ADV SIBEKO: Do you wish to add any comment to that?

DR YOUNG: Just to make myself ... my final point (indistinct) paragraph 635, I think in many respects the JIT Report contains a lot of useful information, but it does not make one key finding in that ... and which I want to take issue with, is that it says Shaik's recusal was no recusal at all. I do not think that is a correct way of actually summing it up. His recusal was a recusal. It was formally recorded and then at least according to his version, and actually many other people's version, even the Chief of the Navy, (indistinct) also is (indistinct) extensively he did follow a recusal. But (indistinct) cannot be no recusal at all. It was a recusal without (indistinct) is that his conduct thereafter was directly in contravention of this actual recorded recusal.

ADV SIBEKO: That then brings us to your discussion of matters relating to Vice Admiral Robert Simpson-Anderson. It starts your discussion thereof at your paragraph 636 at page 165 of your statement.

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DR YOUNG: Yes. I am looking at this now and when I was reading the entire German investigation report into the record, the one that the Chairperson advised us that he was in possession ... had been in possession of, I think that at least some (indistinct) there in that we have addressed this point. (indistinct) I cannot see actually anything which I need to re-address to my point. At the end of 642, which is (indistinct) investigations. I think actually by reading that report (indistinct) at least some of it, it was not all of it, into the record, is that I have adequately (indistinct)

ADV SIBEKO: (indistinct) your statement correctly, is that you have adequately addressed the theme under the heading, "Abandonment of the investigations"?

DR YOUNG: Yes. Possibly if so, I do not get accused of remitting (indistinct) anything, this is just my paragraph 640, I was at the (indistinct) of the public protector hearings and in fact Vice Admiral Simpson-Anderson was one of the two Navy witnesses who was called to rebut my evidence and I am afraid to say that he gave evidence where he basically supported the position of Chippy Shaik and his so called recusal, conflict and recusal, but I am afraid to say any analysis of the documentary record of it, just cannot accord with the other documentary records which are the (indistinct) the records of which Admiral Simpson-Anderson was also a co-chair. It is absolutely clear and it is also clear from a very detailed analysis done by the JIT Report, of the meetings which Chippy Shaik attended, chaired, where he recused himself or recorded it, where he walked out, where he came back and it just does not accord with Simpson-Anderson saying that he properly recused himself. So I just did want to make sure that that ... that anybody

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thought I was trying to avoid that particular statement in my witness statement.

ADV SIBEKO: Alright. If I understood you correctly the discussion starting at 642 relating to the abandonment of the investigations, you say you have addressed adequately previously in your evidence, is that correct?

DR YOUNG: Sorry, I am just trying to gather my thoughts here.

ADV SIBEKO: Do you want me to repeat?

DR YOUNG: Sorry, I cannot remember addressing this point at all, well certainly not in detail. So if you could remind me where I stated that?

10 ADV SIBEKO: No, I thought I heard you say that you have addressed the theme dealing with abandonment of the investigations. You did not say that?

DR YOUNG: Well, I am sorry if I said that. I certainly did not mean it.

ADV SIBEKO: Now in the context of your evidence this theme relating to the abandonment of the investigations, how does that become relevant to the terms of reference of this commission?

DR YOUNG: I think what is relevant is that the whole issue of bribery and corruption which (indistinct) trying to you know to address in these ... in this kind of quasi legal forum. It would have been addressed far more vigorously if what I had initiated at the request of another witness still to come, the SA Colonel Johan du Plooy and who are both witnesses and I do not know what he is going to say, and I certainly did not what to have (indistinct) to tell the whole truth, I think it would be remiss of me to admit this, but certainly I can leave out most of it in terms of traversing it in detail now. But other than to say that I formally did note an affidavit to the Knysna Police Station and it was picked up by the of course the Director of Special Operations, who

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maybe at that stage was not (indistinct) it was the DPCI and despite a substantial amount of effort, strangely that whole effort regarding bribery and corruption involving Chippy Shaik and Thyssen (indistinct) which I have ventilated in some detail, just kind of disappeared off the radar and if they  
5 had (indistinct) then I do not think that I would have needed to even be sitting here today.

COMMISSIONER MUSI: I did not hear the people (indistinct) talk about (indistinct) what I had initiated at the request of another witness, (indistinct) then there was mention of Colonel Du Plooy, I did not understand what you  
10 were saying. Can you clarify?

CHAIRPERSON: Commissioner Musi would like for you to clarify what you have mentioned in your evidence, that you have initiated a process to report allegations of corruption between Chippy Shaik and Thompson and that in doing so you have referred to another witness. He seeks clarity on the other  
15 witness that you are referring to.

DR YOUNG: Yes. Starting with (indistinct) first. The other witness is Colonel Johan du Plooy. I see he is on the Commission's latest list of witnesses. I am not quite sure when he is going to appear, but it is certainly going to be after me in the next two to four weeks. But what (indistinct)  
20 context is way back before I submitted my affidavit to the Knysna Police Station, I became aware of the corruption, the bribery to which I have given a substantial amount of evidence, specifically the (indistinct) agreement, ostensibly between Thyssen and Christoph Hoenings, and Chippy Shaik and I had communicated a number of times with the relevant ... that I knew  
25 existed because I actually first of all had been requested by them that I visit

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them and (indistinct) building here in Silverton Pretoria and the (indistinct) sort of Advocate (indistinct), Advocate Anton Steynberg, Colonel well he was senior special investigator, Johan du Plooy I have mentioned. There was special investigator Isaac du Plooy and I of course was in communication

5 with them. I was also on the witness list for the Schabir Shaik trial, way back when. So of course I had an interaction with that team. I do not think I am giving away any confidences here, but that whole issue of bribery and corruption involving the corvette combat suite, was what they called (indistinct) project (indistinct). I think is a Malaysian word ... a Malaysian

10 word which means a specific (indistinct) as regards at least friendship. Financial friendship, and so I was in continuous contact (indistinct) in the public domain and going way back when, I cannot quite remember, I have written a number of e-mails ... I can certainly find them if I have to, I do not think it is necessarily relevant, but I had sent e-mails or requested further

15 investigation and these fell on deaf ears and until a year or two later and where I suddenly got a request from Colonel du Plooy to depose to this affidavit, because by that stage they had received similar information to what I had and (indistinct) she had moved from the Directorate of Special Operations to the Directorate for Crime Investigation. And I had met him

20 formally speaking loosely in this particular context. I could describe him as my case officer and he requested me to put in this formal statement through my local police station, at that stage in Knysna because in the police maybe unlike the DSO and the DPCI, (indistinct) is that an investigation (indistinct) of this nature cannot be initiated by them themselves. You need a complainant,

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so even though I had indicated and informed him by e-mail of my complaints, I needed to do this formally.

So I did it. I spent actually a good two weeks of my Knysna vacation constructing this affidavit. I do not know whether they have included it here, but it is actually quite similar to the one that I am putting to the Constitutional Court (indistinct)

ADV SIBEKO: And you say nothing came of those investigations until this Commission was established?

DR YOUNG: Yes, something did become of them, but not necessarily "become" in the positive word. Much to my disappointment (indistinct) and for no reason in my view at least being the official complainant, I think I have a valid view on that, is that the ... what they call it the Hawks, the Directorate (indistinct) investigations going way back when, and I think the document that I have in the record is a memorandum. It itself is undated, but it clearly (indistinct) that that was attached in terms of the (indistinct) just going back a couple of years now.

CHAIRPERSON: I am sorry, Dr Young. (indistinct) maybe there is something that I missed.

ADV SIBEKO: I think we had started to finalise this (indistinct) and some clarification was called for.

CHAIRPERSON: No, that I understand but I mean how (indistinct) of Colonel du Plooy how can I (indistinct) if it is not going to help us to get out (indistinct) (indistinct) maybe it is something that I am missing. (indistinct) you mind just saying that to me.

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ADV SIBEKO: (indistinct) the witness as he pointed out that these investigations have been carried out, (indistinct) and today as he has already stated. Is that a fair summary?

DR YOUNG: Yes, I think that is a fair summary

5 ADV SIBEKO: Now having come to that moment, I believe we would then get to paragraph 671 of your statement, where you deal with Nortje's to the APC. That appears at page 173 of the statement. It starts at paragraph 671.

CHAIRPERSON: I am sorry, Advocate Sibeko, this portion of the evidence, how long do you think you are going to take? More or less?

10 ADV SIBEKO: Chair, it is ... I am not quite certain because there are certain aspects of the transcript that the witness seeks to traverse. After which there will be certain aspects of (indistinct) that he seeks to (indistinct)

CHAIRPERSON: (indistinct) on this session. I understand that he has a portion (indistinct) how long (indistinct)

15 ADV SIBEKO: (indistinct)

CHAIRPERSON: Are you able to give an estimate?

DR YOUNG: Yes, as I said (indistinct) an analysis of where we were and where we are going and I have indicated (indistinct) an hour and 30 minutes.

ADV SIBEKO: He says about 30 minutes.

20 CHAIRPERSON: I am being told by my fellow Commissioner who has been pushing me, apparently we feel the way you felt the day before. And so it was a suggestion that maybe we adjourn now and start early tomorrow at nine o'clock. That was the purpose of the question. (indistinct) an objection, we suggest that you know we adjourn now and you know start tomorrow  
25 morning at nine o'clock. I am sure (indistinct)

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**ADV SIBEKO**: I was having (indistinct)

**CHAIRPERSON**: Can we adjourn? We will start tomorrow morning at nine o'clock. Thank you. We have now adjourned.

**PROCEEDINGS REMANDED TO 13 MARCH 2015**

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**(PROCEEDINGS ADJOURN)**

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**ARMS PROCUREMENT COMMISSION**

*Transparency, Accountability and the Rule of Law*

**PUBLIC HEARINGS**

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**HEARING ON 13 MARCH 2015**

**CHAIRPERSON:** Thank you. Good morning everybody.

**RICHARD MICHAEL MOBERLY YOUNG:** (s.u.o.)

**ADV SIBEKO:** Thank you, Chair and commissioner Musi. Dr Young,  
5 when we adjourned yesterday, we were just about to commence with  
your dealing with the evidence that Mr Fritz Nortjè has tendered to this  
Commission. Do you recall that? Now, you start dealing with that  
aspect of your evidence at paragraph 671 of your statement. Do you  
have that in front of you?

10 **DR YOUNG:** Yes. Yes, I do.

**ADV SIBEKO:** Now, it is, you say at 672 it is your intention to respond  
fully to Fritz Nortjè's evidence, when you are giving your own evidence.  
It is common cause, I think, if one reads your paragraph 671 that, when  
Fritz Nortjè gave his evidence, you did not cross-examine him. Is that  
15 correct?

**DR YOUNG:** Yes. I need to say why and that was because I only  
received his witness statement and his evidence bundles, after he  
completed, giving his evidence and I think, was released from, from  
being a witness.

20 **ADV SIBEKO:** So, when he was giving his evidence, you were not  
aware of what his evidence was and especially, in so far as it would  
relate to you.

**DR YOUNG:** No. Indeed not, and other, like, other witness, I  
suppose, including myself, his witness statement, include, I think, there  
25 were two, a witness statement and a supplementary one, were

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extremely, extremely brief. They only really introduced what he was going to say, without any detail, whatsoever.

CHAIRPERSON: I am sorry, Advocate Sibeko. Dr Young, the day that Mr Nortjè testified, you were not here.

5 DR YOUNG: No. I was not.

CHAIRPERSON: Obviously, if you are not here, you cannot cross-examine, because, you know, cross-examine, when you are present, when the evidence is being given.

DR YOUNG: Sorry, is that a question or a statement?

10 CHAIRPERSON: Then, secondly, there was a first date, that was set for Mr Nortjè to testify. We had to defer his testimony to a later date. On both dates, you were not present, at these hearings.

DR YOUNG: Yes. You, you are saying something to me. You are not asking something to me, of me.

15 CHAIRPERSON: Thank you.

ADV SIBEKO: Now, on the days, as the, that Mr Nortjè testified, as the Chairman has pointed out, you were not present. Perhaps it is on record also that you had brought an application to cross-examine Mr Fritz Nortjè. But, you subsequently withdrew that application. Is that  
20 right?

DR YOUNG: That is correct, yes.

ADV SIBEKO: Perhaps, let us start with the first paragraph. Why were you not present on any of the days that Fritz Nortjè gave evidence before the Commission?

25 DR YOUNG: Because as I very, very clearly stated to the

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Commission, at least, through Advocate Mdumbe is that I would not be in a position to, to cross-examine, unless I was given the relevant documents and comprehensive witness statements, in advance, as well as the documents that I requested.

5 ADV SIBEKO: Alright. Having dealt with that, perhaps it would help in the progress of these proceedings, if we then go to your paragraph 673 of your statement.

DR YOUNG: Okay. Surely, I would have preferred to have been here and I would have preferred him to be cross-examined. But, there are  
10 practicalities. I live a long way away and there had been literally, maybe not hundreds, but dozens of witnesses. Of course, of which, I might have liked to have cross-examined. But, it was just impractical. But, nevertheless, this is a Commission of Inquiry, which is fully recorded and transcribed. I, of course, became aware of the evidence, as  
15 formally recorded and transcribed, which, which I will refer, mainly in my response and certainly in the paragraph ahead of us. I think that that is a reasonable manner of dealing with this theme of my evidence.

ADV TSATSAWANE: Sorry, Mr Chairperson, maybe before Mr Sibeko proceeds with his [indistinct]. I just want to place it on that, and we have  
20 raised it, with Mr, the evidence leader. We have discussed it with our ...[intervene]

CHAIRPERSON: I am sorry, Sir. Can you first give me your name? From there, try and pick up your voice a little bit.

ADV TSATSAWANE: Thank you, Sir, Commissioner. Kennedy  
25 Tsatsawane for the [indistinct]. I represent Armscor. I just want to place

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on record that I have advised the evidence leaders that we have a difficulty with the evidence that is going to be led now. In so far as, it relates to Mr Fritz Nortjè.

The difficulty that we have is that it is not only suggested, in this  
5 witness statement, but a positive averment is made that some of the evidence given, by Mr Nortjè is, was made up. A part of the point is this particular point was not mentioned in your cross-examination.

As you have indicated, there was a time, where Dr Young has been given permission to cross-examine. There was a time, when he applied  
10 to cross-examine and he withdrew both of his applications. The indication that we have been given, in fact, you may recall Mr Nortjè, to come and deal with some of these issues.

So, we just want to place it on record. We reserve our rights that to the extent that it will be necessary, you may have to recall Mr Nortjè to  
15 deal with the allegations that are made against him that his evidence is made up. Thank you, Mr Commissioner.

CHAIRPERSON: Thank you. We have noted that.

ADV SIBEKO: Thank you. Dr Young, you refer to evidence that Mr Nortjè has placed before the Commission, in your paragraph 673. You  
20 refer to a page 4915 of the transcript.

DR YOUNG: That is correct, yes.

ADV SIBEKO: Perhaps it, it would help to clarify that your page 4915, or your reference to 4915 is, does not necessarily accord with the transcript, as we have, at present. Is that right?

25 DR YOUNG: I did not say that, in respect of Fritz Nortjè's transcript. I

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only said that, in respect of Admiral Kamerman's evidence, because Fritz Nortjè's one, seemed to be printed correctly. I certainly never got that one, in word from Advocate Mdumbe. So, I will just do a quick search here, if I may, on that particular page. So, could you repeat it to me, a four?

ADV SIBEKO: It is 4915.

DR YOUNG: Yes, indeed. I have that page in front of me and I can see, at line 6, Mr Nortjè saying:

*"Chair, yes, as long as the expectation of Project Sitron."*

10 So, in this particular instance, there was nothing wrong with, at least, the printout of the, the transcript, so I have used that, as it, as it stands, on the Commission's website.

ADV SIBEKO: Alright. What can we deal with, in respect of the quotation you have put on this paragraph of your statement?

15 DR YOUNG: Yes. Of course, I have, as a kind of a sub theme to my whole theme of the IMS. I have used the term legitimate expectation. In fact, I see, Mr Nortjè uses the term expectation, as well. I would like just to say what he said. He says:

*"Chair, yes, as long as the expectation of Project Sitron was there, there was something for the local companies to look forward to. It should be borne in mind that as the South African government was investing less money into the industry, so industry got a little nervous themselves, as to how much they should be investing. But, a project like SUVECS, which invested money to keeping the capabilities alive, certainly assisted in giving meaningful work and I say, the people as*

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*opposed to companies, the people, to keep the people busy and keep them here. But, it also gave a certain signal to industry, who then, to a very large extent co-invested, in keeping the technologies alive."*

And that was, extremely an important point. I have to be frank, that is  
5 one of the first times, I have seen that officially recorded. At least, at least, certainly under oath and I think that that is a very relevant point, made by somebody at this, and I say politely, on the other side of the fence, to the points, that I have made in this context.

ADV SIBEKO: You have already dealt, in your evidence, a little bit  
10 earlier, before the Commission, as to how this expectation could, was brought about.

DR YOUNG: I have, yes.

ADV SIBEKO: We do not need to traverse that, again. Is that correct?

DR YOUNG: Not if we want to finish in time to catch a plane today.

15 ADV SIBEKO: But, perhaps, just to refresh us and the Commissioners, with regard to the specific documents that we could look at, where it appears, from the documents, issued by the DOD that there has been a nomination, first of all, of ADS to provide a combat suite. That, with the subsystems, relating to the combat suite, there are  
20 certain companies that have been either nominated, designated or recommended.

DR YOUNG: That is really true, using the correct term, nominated contractors, in terms of the RFI phase. Candidate suppliers, with only C Square I Square being indicated as a candidate supplier that is in terms  
25 of the request for offer base line, including the combat suite user

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requirement specification. But, that is in phase, phase Sitron, what I call round two. But, certainly, in round one and I think, I have, at least addressed, you know, that this was a continuous project. It was just, is, is that the original documents, referring to our company, actually issued  
5 by Armscor, the official, you know, manager of the acquisition process and the programme plan, being the document to which I referred in that context.

ADV SIBEKO: Alright. In paragraph 674, you deal with the SMS or the system management system that you have talked about also, earlier in  
10 your evidence. In that regard, you referred to another passage of Mr Nortjè's evidence at page 4901 of the transcript.

DR YOUNG: Yes. That is correct.

ADV SIBEKO: What do you wish to address, with regard to the SMS?

DR YOUNG: Okay. You know, my contention is that the, the process  
15 was, first, in my view, unfair, probably irregular. Also, that on, at least, the face of things, that we should have won that. So, based, based on price. So, I am just now, trying to say what, one of the initiators of that competitive process was Mr Nortjè himself. So, it is important to put it in context of his own view. Would you like me to carry on?

20 ADV SIBEKO: Yes.

DR YOUNG: Is that alright?

ADV SIBEKO: Yes.

DR YOUNG: Okay. As he says, I am just reading this out, from, from my witness statement. We are not going to the transcript. He says:

25 *"Costs were a major driver for the whole negotiation process."*



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Well, of course, and that was, you will see why, I am coming, with the point that I am coming to, with regarding to costs. In fact, I think, he used the term, in fact, yes, it is in six, paragraph 676. So, if I just may, with all my train in thought that is running here, just go to those very

5 short sentences. So, anyway, clearly, clearly the whole thing with costs is the major starting point, for these competitive quotations. There were only two companies, who were asked to bid and those were ourselves and ADS. Extremely late in the day, 13<sup>th</sup> to this 15<sup>th</sup> of April, just one month before the best and final offer phase and that is clearly, because

10 they were not getting ahead, even in the negotiation process, of getting prices down. In the context, they had already solicited two prices from ADS for the SMS one, the R64 million odd. I think the other one was in the 40's. I think it was 48. It was in the 40's. Anyway, clearly, as he himself says, I do not have, unfortunately, a page number, but I think it

15 carries on from the previous one. I will certainly find, if I am asked to do so. But, clearly, the context is, we were asked to quote, because he says:

*"We were also bumping heads with ADS, regarding the price of these particular systems."*

20 It is thought, okay, an application, when that is, I think, what I meant there was it is why they went out on competitive tender. It is word that I used yesterday, but to show that the, the other member of the project executive, being the project officer was, as they say in legal speak, on all fours, with his programme manager. He says, unfortunately, I have

25 got a page XX here. I am sorry about that. But, it is, we are coming to

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his evidence a little bit later, after this. He says:

*"Well in summary, he was saying that we had gone out on tender for the SMS, which was correct. [Indistinct] price was simply untenable and we did not accept it for it was not value for money. So (the important point here ) so we called their bluff and we said okay, well, we will go out to tender for this, internal tender [indistinct] provide your offers to us, by 16<sup>th</sup> of April, against a specification, which we wrote and we subtracted out of that specification to make it a cheaper option for us. Some of the non-essential items from what we had, either to consider being part and parcel of the SMS in terms of technical scope. "*

So, that accords, more or less, identically. Of course, there is one is one mistake and it seems to me small. But, it is fairly fundamental is he said, here he says under oath, it might be a mistake. He says:

*"Provide your offers to us, by the 16<sup>th</sup> of April."*

That is incorrect, because by the 15<sup>th</sup> of April. That was important, because this was a competitive tender, with a deadline of five o'clock, Johannesburg time, on the 15<sup>th</sup>. Allowing it to happen, because allow, in my view, and other people's view, our price to, to get to ADS and allow them to decrease their price, in such a manner, [indistinct] manner, of course. It was not directly less than ours, but still, in some way it was. I think, I will just pause there and let my evidence leader lead me.

ADV SIBEKO: You say that the 16<sup>th</sup>, or the error, as you point out, of the 16<sup>th</sup> of April, although small, it might be fundamental. Why do you say that, in relation to the closing date, for which these offers were

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supposed to be handed in?

DR YOUNG: Yes. Well, when there is a competitive tender, and I have traversed the documents, including the, the German Frigate Consortium, actually administered this process, on the JPT, the Joint

5 Project Team's behalf. The, it is the, I think, both the JPT instructed the GFC and the GFC instructed ADS and ourselves to supply a competitive quote, by five o'clock on the 15<sup>th</sup>, which we both did. Except that they were allowed to reduce their price, extensively on the making of a mistake. But, that does not matter, in my view. Of course, there came

10 all kinds of explanations why, how, and why is it, why fore's and where fore's and how they reduced the price, but they did so. They did so the next day. I have indicated that fact, that letter, or the facsimile, written by Pierre Moynot to, in fact, I think, it is written directly to the Joint Project Team and not necessarily, or it is probably copied to the GFC.

15 But, it is written directly to them and it is actually indicated by Admiral Kamerman. His response is that, yes, they allowed ADS to reduce their price the next day. But, as I have said and also, as Admiral Nic Marais, excuse me, Captain Nic Marais testified in his Section 28, transcript of his interview under oath that our price was specifically made available

20 to, to ADS. Of course, it is a [indistinct] of logic, you know, that they did, they did allow the price to go down. I do not believe that that is correct, in a competitive tender situation. At the very least that there has to be a kind of, well, the JPT and the whole process was quite adapt at best and final offers and, or best and final offers and best and best final offers

25 and multiple rounds. So, at the very least, they could have, there should

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have been another fair, fair and transparent round of tendering, if that was going to be allowed.

ADV SIBEKO: So, when the, when ADS was allowed to submit a different offer on the 16<sup>th</sup>, your company was not invited to do the same.

5 DR YOUNG: We certainly were not. In fact, we never even heard, we never even heard from the GFC or the JPT or anybody again, until, in fact, I, in the context of the IMS mainly, I produced a document, written by the chief, the Director of Naval Acquisition, Admiral Van Der Schyff. Only much, much later than this, it might even have been more than a  
10 year later, only on our direct enquiries did we ever even find out, what happened to our quotation. Let alone that it was not even accepted.

ADV SIBEKO: Now, turning to the next paragraph. Going forward, you mention what Nortjè says. No references made, to the page of the record, where he says:

15 *"As I mentioned that was one of the lower level and the strategically less important items of the combat suite in the integration part."*

What do you refer to here?

DR YOUNG: Sorry, I am just doing a search for as I mentioned and I got another one. It probably was not the best key words to search for.  
20 But, I lifted these words straight out of a nice clean digital version of this transcript, so hopefully it is correct. Nevertheless, be that as it may, what, unfortunately, you know, these are Fritz Nortjè's words and as I have used them, they do not mean, you know, anything specific, unless I explain what that means. But, I think, I did, at least, traverse this fact,  
25 regarding the SMS. At risk of analysing the, the written evidence for us,

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it goes to the point of the so-called risk of, that was, that was identified in the SMS report, where it says ADS proved to be a lower risk than C Square I Square. But, here, in that context he, he specifically mentioned the SMS is one of the lower level and strategically less important items of the SMS, the integration part. Of course, that accords with what I am saying. They would not have asked us for a competitive quote, unless we were capable of doing it. We never constituted a risk. It is, it is an unreasonable conclusion to make that we constituted a higher risk and therefore, it was a valid selection anyway, based on the criteria of risk, let alone price.

ADV SIBEKO: Now, in the, in the next paragraph, paragraph 679, you make reference to another follow up offer. You refer to his evidence, where he says:

*"Unfortunately, the problem areas that I have just identified in the previous offer were not clarified."*

Now, again, in the context of your SMS fee, are there any problems that you are aware of that were identified in respect of any offer that your company submitted?

DR YOUNG: No. Here he states quite emphatically although somewhat baldly that, you know, that there were problem areas. But, as I have just testified, that how could that possibly be clarified in our own, unsolicited follow up offer, if these were never identified, in response to either the first offer or the second offer. So, it is an illogical thing to state. As I have also stated, we were only given two days. Both myself and Gerrit Kruger, Kruger, whose name I mentioned yesterday, my co-

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director, at the time, were actually sitting in Germany, in Hamburg, at Blohm and Voss. This whole thing was prepared in two days. It was an extremely comprehensive response, than telephonically, in between our meetings. It was done by my more junior director, Shaun Van Der Walt.

5 Based on that we, and of course, there was some, there was some clarification areas, well, some areas that became only clear to us later, like, the fact that the ADS consol was a fundamental issue in this, the specific recent evidence. But, it was not an absolute requirement. So, we made the follow up quote, I think, just two or three weeks later, 10 where we included our own consoles. But, there was not even, there was not even communication, not even thank you for your quote, or no thank you for your quote, or whatever. So, as I said before, it only was a long time later, before we even knew that our first quote had been rejected and that our second quote was not even entertained.

15 ADV SIBEKO: At paragraph 680 you say:

*"Mr Nortjè makes a number of important errors in his evidence, which have a fundamental bearing on the matter."*

One of which appears appears in the quotation:

*"I think, during the Technology Retention Project C2I2 subcontracted 20 to ADS on this project, to some extent."*

What is your comment to that?

DR YOUNG: Well the point is probably two, is that to one side of the coin, it is [indistinct] had, well, actually there are actually three sides to this coin, strange coin, strange situation. But, if we had subcontracted 25 to ADS of course, that would actually put us in a good position to

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compete. It certainly would negate the point I mentioned, earlier and previously about the risk of, the risk of, of and us being higher and the, and ADS was in a best position, but that, if that would be, that would be valid, if the point was true. But, it is not true, at all. We never

5 subcontracted, whatsoever, on the system management system part, at all, at all, at all. He might be getting confused and I will give him the benefit of the doubt. Eventually, there was a subsection of our, our information management system. We are getting a little bit complex. But, it is called the network management component that would have

10 been incorporated into the SMS console. But, only at the, at the full scale development phase, which had not even started, at this stage, at all. In fact, at this quotation stage, it was for Project Sitron. So, the, the past tense is that we had done it, were, it was just a [indistinct], so that is an error. I do not think, I just, maybe I make the, I need to make the

15 point. I am not alleging that Mr Nortjè is making up this part of it. I am just saying he has made a mistake. It is just not true. Okay. But, the other, there is a third side of this coin, colloquially speaking, is that it could be inferred that, and there is another reference that, to a related point of intellectual property. It could be inferred that if we had been

20 working with ADS on this, we would have had insider knowledge of the SMS, which similarly, they had been working on. Okay. But, I am saying it is not true. So, we could not have had any, any insider knowledge or any intellectual property, or anything whatsoever. So, it was just an introduction to that particular theme, the third side of the

25 coin, which we actually come to, under my response to Admiral

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Kamerman's evidence, as well.

ADV SIBEKO: You continue at paragraph 61 that Mr Nortjè very pertinently failes in his evidence and in his report, regarding the selection of the SMS that ADS changed its price, after tender closing  
5 date. To what do you attribute this?

DR YOUNG: Sorry, I need to ask you to clarify. To what do I attribute to what?

ADV SIBEKO: The statement you are making in paragraph 68 that Nortjè fails in both his evidence and his report, regarding the selection of  
10 the SMS that ADS changed its price, after tendering, after tender closing date.

DR YOUNG: Well, I cannot say that I know every single word of Nortjè's evidence. At least, we know how long that is. It is, the document looks like 401 pages. But, the reason why I want a digital  
15 version, so I can search on relevant parts and at least come back to it. It is, I can remember seeing him testify in these proceedings, anything to do with the fact that ADS was allowed the day, 23 hours, after the official closing date of coming back. I think that that is something, first of all, I have ventilated that very issue before. So, it is certainly  
20 something to his knowledge. But, the second part is that the, the report, as I have referred to his report, unfortunately, that report, I, I have addressed that as evidence, or introduced the evidence, because it is a discovered document. It does not have a name of an author. But, I do know that it was a report on the selection process for the, it is called the  
25 SMS and the NDS. It was submitted to, by then, at least, the General



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Manager of Acquisition, Mr Sipho Tomo, or it might even have been the CEO, by that stage. I think so. I know, in covering memoranda, I suppose they gave a date. But, that is the report, to which, to which I refer. Maybe, for the record, it may not have been a report that he  
5 wrote. It might have been written by somebody, called Lewis Matheson, who reported to, to Mr Nortjè. But, maybe I need to say it is a valid report, I have got, of course, of which Mr Nortjè is intimately aware.

ADV SIBEKO: At 682, you say that in so far as it relates to the report, regarding the selection of the SMS and the ADS, [indistinct] surprised  
10 that Kamerman does state this fact in his evidence.

DR YOUNG: Yes. He, true, it is correct. He does say it. But, but, as I think we have traversed before, he simply dismisses the fact that they were allowed to adjust their price downwards and thereby beat us. Just on the part of an administrative error. Of course, the whole, from,  
15 certainly what I can see, the administrative error is referred to, in ADS's letter, the one dated the 16<sup>th</sup>, faxed at three minutes past 16h00. But, of course, I think, if, ja, let me say that in their, there my have been other information that, that attached to that letter. I certainly have not seen it. But, from what I can see, it is fairly bald and saying, okay, we made an  
20 administrative error, involving the ILS, that is the integrated logistics support part of the VSS, so we took it out. Okay. But, of course, it beggars, or begs, or beggars the question, if, if our price, our main price had actually been higher than ADS's would then, they have actually lowered, lowered their own price? I think that is an extremely, at least, a  
25 philosophical, but, but relevant philosophical thing. Would they have

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actually lowered their price, if our one had been higher than theirs, in the first round?

ADV SIBEKO: In fact, that aspect of your evidence, we have traversed and it is dealt with, in the document you referred to earlier. It is RMY 89, a letter from ADS, dealing with the reduction of the price. It is a letter dated 16<sup>th</sup> of April 1998.

DR YOUNG: That is correct, yes.

ADV SIBEKO: Perhaps, just for purposes of the record RMY 89 is at page 1597 in file five. Do you want to deal with that?

10 DR YOUNG: [Indistinct].

ADV SIBEKO: That letter?

DR YOUNG: No, no. Thanks. Yes.

ADV SIBEKO: Now, Commissioners, that was just a reference, for purposes of looking at, at your convenience. We are not dealing with that letter. Now, this brings us to 683 of your statement, paragraph 683, regarding, or dealing with Mr Fritz Nortjè's explanation, regarding one of the problems of your SMS quotation. Do you want to deal with that? Or is this a matter that you have sufficiently traversed?

15 DR YOUNG: No. I have not dealt with this at all, at all. So, I would certainly like to, to deal with it, if I may.

ADV SIBEKO: Yes. You may.

DR YOUNG: Okay. Mr Nortjè's explanations, I think the explanations are plural here and as far as I remember, that was before this Commission. But, I stand to be corrected, if it was in another, another forum. Is that there were three or four points of why our, our offer was,

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was not acceptable. Other than the direct result of price and price changes and adding up the 12.5 per cent, zero five per cent mark up. The first one is, he claims that one of the items we included was custom furnished equipment, in our quotation. Now, hopefully I have qualified  
5 myself as an expert, not only in data buses, but in providing quotations, to the, at least to the Navy, to Armscor on behalf of the Navy. The whole issue of customer furnished equipment is a very relevant and ubiquitous one, where it is relevant. In this particular theme, as I have traversed at some length, we had been dealing with Project Sitron and  
10 Project Diodon and Project SUVECS, since, at this stage, six years. So, the SMS had been developed, at great expense, using Navy and Armscor's funding. So, of course, they would have developed a whole lot of software that is intellectual property, mainly. Of course, there would have also been a lot of equipment. I think, I mentioned quite long  
15 ago, a thing called the acid register. I certainly was aware of equipment having been purchased, on behalf of Armscor, by ADS for, for the development of the SMS. Now, as I have, it started off, this particular thing, as both Mr Nortjè and Admiral Kamerman have clearly stated and I had, I have quoted them. This whole issue was about price. So, my  
20 inclusion of the intellectual property and even the physical tangible things, like, computers, I am just trying to [indistinct], I cannot see. It is actually my printer, over here, it is not touching my computer. If we were going to be winning this project, then ADS would have no direct, meaningful, either the intellectual property, or even the equipment. So,  
25 with that view, of getting the lowest price possible, in a competitive bit, it

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was completely valid and completely reasonable and completely normal to include this. Because it would have reduced the, it was to the advantage of the client, the end user, more specifically the end user or the buyer, to do so. But, having done so, as I said, we did this all in two

5 days, via telephone, in those days we never had the same communication. We did have cell phones, in those days. But, this was all done, by cell phone, from Germany. You can say at great, great expense for international calls. But, issues like, [indistinct] were included bona fide, in good faith. If there is a point of contention, why

10 was this never ever discussed with us? In fact, why does it only come out now, 15 years later? It, as far as I can remember, it was never even addressed at the Public Protector hearings. Although, I would agree that Fritz Nortjè did not testify there. But, it also did not come out with the report that he wrote, to his, to his boss's boss. That is Sipho Tomo.

15 Why did it only come out now? Okay. Clearly, it is because, looking for excuses and now, maybe that is something patent. But, anyway, this is not in, I am not providing the context for an explanation, of why it is relevant. It is in Mr Nortjè's own words, or own documents. Okay. So, I think I have, and of course, the other, the point is that there was

20 software, which is intellectual property. Where you make a copy of this piece of software, it does not cost you that much, so even if, so of course, it could have just been transferred to us. If what I did not know that some of that intellectual property was owned by ADS, which I do not think it did, because I have never seen any reference to it at all. Why

25 were we not just told? No, this is problematic, because ADS did some

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of this work, at their own expense. You cannot divide this piece of software in half and give us half and make us their half. But, just tell us that. They never told that for 16 years. There has to be, there has to be something relevant in that omission. So, I think, I think that the quote  
5 under point 12 there, it is specifically with regarding the software part, the intellectual property, in fact, that I did not stipulate at CFE, that is customer furnished equipment. There is which normally, is stuff that costs money and that you can touch. There is another thing, called CFI, which is customer furnished information. There are very little costs in  
10 actually making a copy of that. But, that, I stipulated that, I think, clearly as CFI. I think, I have adequately covered that point. I will give myself a break to have some water.

ADV SIBEKO: In your next paragraph 684, you deal with matters, relating to the evidence of Fritz Nortjè, regarding SMS spares. You  
15 refer to, I think it is the, the offer or quote you made, which is at, it is RMY 88 and it appears as from page 1555 of file five. That is your document 0403. Perhaps it would assist you, to have a look at that document, in dealing with this aspect of the spares, in your quote.

DR YOUNG: Yes. It will assist me. But, I see it is a 42 page  
20 document. So, I will only really refer to it, by way of evidence, which I have tendered and hopefully is on the record, without me, traversing all 42 pages of it. But, I think, what I say in my witness statement and of course, I did this part of my witness statement much, much later. So, I, I have, you know, done it, with a little bit more detail, in the witness  
25 statement itself and not just relying on pointing at evidence documents.

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But, if I may start at what Fritz Nortjè says at my paragraph 684 and I see, I have not referenced the right page, because I, or as it can [indistinct], but I took the opportunity of doing a digital search. I found the correct page. I think, yes, page 5164 of the public hearings. So, I see, some of the, at least, some of what I am referring to now, is referenced on that page. I am going to be talking to, talking about the, the paragraph that starts with now console spares and I can see that on that page that I have just mentioned, at line, let us say, it is starting at line 15. It seems it is, he says there at item 10 he said and he quotes:

10       *"This cost estimate includes the material and manufacturing cost for four VMC's, but excludes console spares."*

That is, that is where it is. But, what he, what he says, regarding the theme of spares, is now console spares and whatever spares were explicitly asked to be quoted for. The formal quotation figure that we have seen, at the beginning, did not include a price for spares. Therefore, we either had to guess what the spares were and if they indicate as a continuation. I certainly will elaborate if I need. This is simply untrue. Because as my quotation says, under paragraph, oh, no, section 14, it says there explicitly:

20       *"This cost estimate includes onboard spares for four systems and assured of spares for two systems for two years, but excludes commission of spares."*

Now, I am taking myself back 16 years, but from what I can remember, this is exactly what the GFC's request for quotation required. That is exactly what we quoted. The particular figures that came out of the

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document, which I think, I have in front of me. Let me see if that is booked marked. No. It is highlighted somewhere. So, I am not going to waste time, to try and [indistinct] now. I will certainly do so, if I am asked to do so. But, that the, the document itself, the actual formal, well, let us say the detailed part of the formal response specifically states item 14, being the log costs. That is logistic cost. Spares per subsystem for two years and that amount there, as quoted exactly is R646 021.00. That is per system. The total log cost, under item 15, spares for subsystems for two years, as R1.938 million. Now, we are not bait to the woodsmen, when it comes to quoting. We certainly, well, we, there are other people better than us, at logistics. But, when it comes to quoting, even spares, we know how to do this. Those were adequate spares for everything, other than the console, which I will come to in the next point.

15 ADV SIBEKO: Yes. That is indeed the point, I wanted to put to you, where he says, he states in his evidence that:

“The C Square I Square SMS quotation did not provide for SMS console spares.”

What is your comment to that?

20 DR YOUNG: Sorry, I was just trying to gather my own wits there. I did not realise that even, you give me a question, I give you a statement, something far, okay, would you mind repeating that question, so that I do not get things wrong here?

ADV SIBEKO: Yes. I, I stated, I pointed out that, in fact, in your 686, 25 you referred to Nortjè having stated in his evidence that the C Square I

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Square SMS quotation did not provide for SMS console spares and I asked for your comment to that statement.

DR YOUNG: Yes. Thank you for the, I actually missed the word console there. I, I specifically wanted to address that. Because, as I

5 have just said, we, in our own view, we have provided just under R2 million, excluding VAT for spares, for onboard spare, for commission, well, not for commission on spares. But, for shore spares. What we did not provide for was console, console spares and there is a particular reason. You know, he claims this is a good reason for our exclusion.

10 But, if I may say so, 16 years later and I certainly did not only, I certainly have not put this thought of that now. Is that, at this stage, one of the technical base lines, for the Corvette combat suite, was using a whole lot of things, called standard items. That had been basically, a fundamental point, right from, I think, at least 1995. I will not go into the

15 details, but for logistics and supportability reasons, they wanted us to standardise on all kinds of things, including a special console, developed, certainly the initial version of it, with Navy money for this, for this, or related projects. So, we were quoting the ADS console. Okay. Now, combat suite consists, as we know, of a lot of things. Maybe my

20 memory needs to be corrected, from my memory of the operations room, which was the, basically the heart, or at least the geographic heart and nerve centre of the combat suite, consists of two rows of lots of consoles. I think that there is something, let us say between 12 and 14 consoles. Certainly, I have had already been, never really been

25 allowed on board these vessels, certainly not in this particular time



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frame. But, there are a lot of consoles and all of them, or nearly all of them are based on the ADS console. Now, if there are already 12, whether there is 10 or 20 consoles on board and we have to provide one extra, for the system management system. It does not make any sense, if you are trying to save costs, to now provide explicitly, for spares for that one particular console, when there are already on board, on shore and whatever other spares, for all the other 10, or 11, or 12, or 19, or whatever consoles it is. Of course, we could have even explained that, that we, we could have explained that, that response, like I am explaining now. Or we could have said, okay, well if, now if there is a big difference to you, between 16 consoles and 15, then we will add on a, an apportionate amount and we have done Monte Carlo's statistical analysis of what the chances of failure were and we would have come up with a reasonable figure. Because remember, as I said at the beginning of this point, everything was about saving money. But, bumping heads and calling, calling people's bluff, we were not trying to bluff anybody. We gave a bona fide response and every single aspect of it, was bona fide, in respect of that. We could do it, certainly at that lower cost, based on the provisions, the terms, the technical terms and conditions of our quotation.

ADV SIBEKO: And perhaps, you deal with that aspect differently. Can I ask you to turn your attention to your document 0406, your DT 1 documents, which is our RMY 138, it is at page 2879.

DR YOUNG: Sorry, could you just mention my, my reference number again?

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ADV SIBEKO: It is 0406. Our RMY 138, page 2879. It is in a file, marked file six continued. Have you found the document?

DR YOUNG: Yes. I think we actually found that one earlier and that is the one I did not want to refer to in detail. But, that is the, our  
5 quotation. Am I right?

ADV SIBEKO: Yes. It is the, there is something I need to do here, draw your attention to, on that page. It is in a file marked file six continued. File six continued, page 2879. Alright. Dr Young, you will see that the first page of that document, it is a, at least, it appears to be  
10 a fax cover sheet. To Blohm and Voss dated 15 April 1999. It is addressed to Mr Hector and Mr Korn and it says, the heading there is:

*"SMS and NDSS quotes."*

It appears to be signed by Sean Van Der Walt. This is the man, you mentioned, earlier in your evidence, as the person, who prepared the  
15 quotation, while you and your other co-director were in Germany. Is that right?

DR YOUNG: That is correct, yes.

ADV SIBEKO: Now, it says here:

*"We have pleasure in providing you with the system management  
20 subsystem (SMS) and navigation distribution subsystem (NDSS) offer. CCII/PROP/054."*

And it says and I want to place emphasis on that paragraph:

*"If you have any queries, please do not hesitate in contacting me."*

Now, the quote, the quote follows thereafter. The quotation follows  
25 thereafter. Now, did Blohm and Voss or any other person, subsequent

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to your delivery of this quotation ever make any queries, or sent any queries to him, about deficiencies in your quotation?

DR YOUNG: Certainly not in my memory and I think, I can state, with them, tending towards 100 per cent certainty that there were no come  
5 back, no queries, whatsoever. I see, the only, the only come back to us, was many, many months later, when he wanted to know, actually, what was the outcome of our SMS quote. If I may, I think you are talking about what is on that page. Quite, I think, it is worth pointing out, right at the very top, on the semi [indistinct] logo of our company, there is the  
10 indicator of JEGK12 and JEGK, I am sure, cannot be anybody, other than Rear Admiral Johnny Kamerman. Now, having dealt with that quotation, you then proceed to deal with the SMS report at, at paragraph 687 of your statement that it, it makes the following:

*"ADS proved to be a lower risk than CCI of getting the task  
15 completed as outlined in the above points."*

Perhaps if you just, perhaps it is of housekeeping, we should mention that the report, perhaps let me take you to the report and see, if it is the correct report. It is your document 1052 and our RMY 87. Now is it  
...[intervene]

20 DR YOUNG: That is correct, yes.

ADV SIBEKO: It is a document, we have dealt with previously. It is in file four. It starts at page 1553. Do you confirm that that is the report you are referring to.

DR YOUNG: That is correct, yes.

25 ADV SIBEKO: Now, the sentence you are quoting there, it is the

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sentence that appears under paragraph 6, of our page 1554, which is page 2 of your document.

DR YOUNG: That is correct, yes.

ADV SIBEKO: Now, what comment do you wish to make, with regard  
5 to this aspect?

DR YOUNG: The point I need to make is, I would be repeating myself, of the evidence that I traversed, on the theme of the SMS. So, at risk of repeating myself, I think, what is handed in, at 687 is self-explanatory.

10 ADV SIBEKO: Now, would your response also cover the statements that you have set out in your paragraph 688 to 690 of your statement?

DR YOUNG: Yes. I, I think, I think it is a fair, reasonable conclusion to draw from, from the facts, the documented facts, is in the context of the bumping heads of Bryce and, well, even more so, what Admiral  
15 Kamerman said, then Captain Kamerman is calling their bluff. Okay. So clearly, that other people, who have been advising us, have the same opinion. So, it is not something I completely, you know, have been a, so, my own personal, subjective, emotional response as well is that we were just used, to bring down ADS's price, over a [indistinct]  
20 iteration of their price. I do not think that there is any other conclusion than that. Of course, it is fairly offensive, when one does provide a lower price, I am sorry to say, we did provide a lower price. We did not know about the 12.05 per cent margin that was being added back. It would make it an unfair practice, certainly, in terms of the, the  
25 appropriate prerequisite of transparency. But, effectively, our good

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offices, our time and effort was just wasted, to mala fides, when, just bringing down our price, when it was not the intention to give us the contract in any case. So, you know maybe, maybe if we quoted R10 million on a R30 million thing, maybe they would have thought differently. But, our price was R26 million and ADS was R29 million. Then, I think that that was a fair price. I think, the points that I have made, are reasonable ones, to conclude.

ADV SIBEKO: Anything else, you wish to add, other than what appears at 691 and 692 of your statement?

10 DR YOUNG: Yes. What is at 690, I think in the context of the SMS and, and of course the ADS and even, even the IMS. The IMS, we are talking about an issue of, okay, of say R30 million, excluding the famous IMS study at R12 million. Even here, with the SMS, the difference in the eventual price of R29 million, compared to ADS's original R64 million, that is another R30 million. The NDS I have, I have called it these price differences and very, just above this point, but a price of 44, R45 million for the NDS, compared to our original, sorry, not our original, our final price of 50. It is a small, very small potatoes in the greater scheme of things of R2.6 billion and especially, the enormous price for the, the combat management system, the Tavitec of like, somewhere between R320 million, R350 million alone. The, something in the region of R450 million is what Thomson and ADS would be getting for system integration and project. Now, what is further than this, it, other than project management, was as one can see is only alluded to in Pierre  
20  
25 Moynot's documents about, in fact, he says, instead of fighting about

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R100 million for project management, whatever, the [indistinct] office, my mother, our mother company's special price. But, there is never any negotiation done in respect of those enormous amounts of R450 million or R350 million. We are concentrating on the smallest of potatoes, being the SMS, the NDS and the IMS. So, something just does not feel right to me here. You know, the only conclusion that I can make is that, whoever it was, wanted Thomson ADS to get this thing and it did not really matter, in the greater scheme of what their prices were. It was only, at the final, the final furlong, when we were negotiating the small potatoes that the larger ones were already well, well embedded. I think, that that a valid point to make.

ADV SIBEKO: That illustration you provide is in paragraph 692 of your statement, relating to the letter, from Thomson Marconi Sonar, vis a vis the price that ADS and Thomson CSF quoted. What points do you wish to drive across here?

DR YOUNG: Well, it is in this context of bumping heads and calling bluffs and concentrating on the smaller price issues, rather than the larger ones. Now, I have talked about it seems to me, on the face of things and only to me, but the evidence of Captain Dick Marais, who was a French, he could speak French fluently. He heard it himself that, but he obviously heard it in French, when it was being discussed. Is that the efforts to maximise the French and specifically the Thomson component of the combat suite. But, here is one, just one example of, of our, of what I do have, in documentary form, of the, the game that was being played, with let us say, I will use the term, the conduct that

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Thomson ADS were using, in this so-called price negotiation, to get down, from R3.9 billion to an expected price of R1.9 billion or R2.1 billion. But, I have mentioned the Thomson Marconi prices. But, here we have a letter in front of us. I think it is ...[intervene]

5 ADV SIBEKO: Perhaps, for purposes of the record, that letter is, I think it is your DT 0383 and our RMY 139, at page 2906, of our file six continued. Yes. You were about to deal with that letter.

DR YOUNG: Yes. I am just actually looking at that, that letter. It is actually, I do not think, the letter that I really want, it was the second one  
10 in the series and certainly was from the same person, Dave Coughtrie. But, I do not think that this is the letter that actually has the point that I want to make. It is, it is certainly relevant. But, it was the, I think it was the first one that was, that had a higher impact than this one, although this one still has content, which are interesting.

15 ADV SIBEKO: Alright. You will find that letter and copy for us.

DR YOUNG: Yes. It is on the record. I think we even have, probably, why I did not copy it here, it is because it is a document that I have opened up before. So, if we go back to my, to my written statement itself that contains the words, lifted out of that Thomson Marconi Sonar,  
20 so I can certain leave this particular point. Or I can actually address it now, to finish off the point and point out the correct reference at a later stage.

ADV SIBEKO: Yes. You can do that.

DR YOUNG: So, can I, can I, will I, must, must I address the point?

25 ADV SIBEKO: Yes. You can address the point and refer to that letter.

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DR YOUNG: Okay. I think, what is important here is, is this is a graphic documentary indication of what was happening, in the co-called negotiation between a single bid, bid, without a competitive situation. Anyway Dave Coughtrie, hopefully, I have got this pronouncement right, of Thomson Marconi Sonar in the United Kingdom, writes a letter to, to, the letter is written to Thomson CSF, copied to, to ADS, like the second one. He says:

*"If I give out lowest and best price (input price to ADS/NCS) then we expose all of your mark ups."*

10 Yours being, ADS and Thomson South Africa:

*"We, TMS, can only declare that this price excludes the finance factor, the others must remain hidden. If we give your output price to B&v we are lost."*

That is Blohm and Voss:

15 *"As the STN price will be much lower than this, because B&V will obviously have covered some of the STN factors. This would also expose the imbalance in the ADS integration for both sonar systems, which will have to be explained to the SAN. I heed you to be very clear and fax me your output price for the hull mounted sonar (that is HMS) to*  
20 *B&V (equipment and logistics) so that I can take the best route. If I am forced to put in a very low price, you will be at risk of exposing both us and yourself to the SAN. I do not understand how this situation has occurred. But the SAN will remove TMS from the competition if we do not comply."*

25 Now, I, I read the figures out in previous documents, when I was



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discussing this point earlier. My understanding was that the price of the sonar was R80 million and there was another reference to a price of R160 million. Maybe the final price was R120 million odd. I think, I have mentioned that. But, nevertheless, this is a clear indication from the inside of that side of the process, of what was going on, in the length and the breadth of the Corvette combat suite price negotiations.

COMMISSIONER MUSI: I am, I am sorry, where does that quotation come, because RMY 139, you will find that it will be here on 2906. I do not find that quotation.

DR YOUNG: Sorry, I have, as I agreed, I will have to find that particular letter. It is a discovered document and I think it is a, it is a document adduced, in these proceedings. It is a series of two, of which this is the second one. I can either stop what I am doing now and find them, or I can, I can do it, as my evidence leader suggested. I will to it at, at a convenient time.

ADV SIBEKO: Commissioner Musi, we have, in the course of dealing with this aspect, when the witness realised that this is not the correct reference indicated that he will provide the document. We just need to close off this point, for purposes of the proceedings.

COMMISSIONER MUSI: Thank you.

ADV SIBEKO: Now, Dr Young, having dealt with that aspect, that brings us to the conclusion of your, dealing with Mr Fritz Nortjè's evidence, before the Commission. Is there anything else you wish to add, in fact, before we move to the next witness?

DR YOUNG: No. I do not, I, I do not think so, in, especially in the

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context of trying to finish today. Of course, I would have liked to address the, the witness statement, you know, in, in a fuller way. But, I think, it suffices, to at least, give an indication of important points, whether they are relevant to my own evidence and also that certainly, certain aspects of Mr Nortjè's evidence are incorrect. It is certainly inconsistent with previous positions, taken by, by Armscor and the Joint Project Team, regarding some of these important issues.

ADV SIBEKO: Yes. Could you then proceed to deal with your next paragraph of the, of your statement, which is 693. The theme address there is Kamerman's evidence to the APC. It starts at 693, page 180 of your statement.

DR YOUNG: That is correct, yes.

ADV SIBEKO: And, and once again, when Admiral Kamerman gave his evidence, before the Commission, you were not present and you did not cross-examine, as a result.

DR YOUNG: That is correct, yes.

ADV SIBEKO: You have also, in that regard, submitted an application to cross-examine him, which you withdrawn subsequently, you withdrew subsequently.

DR YOUNG: No. I cannot actually remember whether, maybe it is true. I just cannot remember now. But, I think, had given indications that I wish to do so. But, I actually cannot remember a formal application of doing so and a formal application for withdrawing to do so. I certainly had indicated my, my desire to do so. But, I might be wrong.

ADV SIBEKO: And as for purposes of completeness, why, why did

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you not attend the Commission hearings, when Admiral Kamerman was giving his evidence, so as to enable you, to cross-examine him, if you choose to do so?

DR YOUNG: For the same reasons, as with regards to Fritz Nortjè. I

5 had requested the, the witness, the witness statement. As we know, that there was a very, very comprehensive, I think, 105 page witness statement. Of course, he proceeds to giving of oral evidence. Of course, there were a whole bunch of related or relevant documents, which I have been requesting from the DOD, through the Commission, 10 for a long time. Before that, I made it very clear, in my correspondence with the Commission that I needed that, to prepare myself. As things stood, that witness statement that was used for this Commission was only signed at two o'clock, on Sunday, before Admiral Kamerman commenced giving his evidence on the Monday morning. I only 15 received it on the Wednesday. I think, it was the 28<sup>th</sup>, it and the relevant documents, I, on, the 28<sup>th</sup>. So, there is no way that I could have been ready to start cross-examination on Wednesday, the 28<sup>th</sup>, without any knowledge, whatsoever, of what he is going to testify about.

ADV SIBEKO: Now, you, you have, in the course of giving evidence,

20 dealt with some of the issues, I believe, that were going to address that, as set out in this section of your statement. But, perhaps, it, it might help to just, as you deal with each paragraph, see where is that to which you have dealt with the aspect and perhaps extent to which you wish to expand on that aspect. If you have traversed it sufficiently, you can 25 perhaps skip the, the issue.

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DR YOUNG: Yes. I, I will try to follow that. I probably, it is relevant to point out that the, or quite a lot of the textural part of my witness statement here, was prepared in certainly very, very draft form, by my previous evidence leaders, Advocate Skinner and Advocate Sibiya. I, there I know that they were taking notes. I expected to get those notes, which I never did. I eventually got, whatever I got, was actually in the form of a draft witness statement, which I only got, middle of November last year. So, it is a bit fraught for me, because, if I may say so, it was not really, it, it certainly was not complete. I have tried to go, go thought it, as far as possible. But, if there are errors and just because I signed this witness statement, does not necessarily mean that it is the absolute, the, the be all and end all of my evidence. I will certainly, in this, these, the oral part of my evidence, been able to point out, either the omissions or even errors. I need to say that, at the onset of this part of the evidence.

ADV SIBEKO: Now, at paragraph 694, there you start by saying:

*"Kamerman refers to the myth of the influence of Mr Shaik in the workings of the JPT."*

Your response thereto?

DR YOUNG: Okay. I was actually re-looking at this, last night, well, it was actually this morning. What I want to say is, it accords with my 694. There are, there are two aspects of this. Okay. As Kamerman says, this is his own words, myth of the influence of Mr Shaik in the workings of, I presume that is a, is a rebuttal of, of what I am on the record, elsewhere of saying. There are actually two aspects of this. One, I do

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not think that I have ever actually alleged that Mr Shaik, that is Chippy Shaik, had detailed, detailed or ongoing influence of the work of the JPT committee or work group. I think, it is quite clear, unfortunately, I seem to have repeated a couple of times. I have quite clearly laid out, in respect of the conflict of interest, where Mr Shaik was influential. It actually starts at the Project Control Board. I do not think I have stated anywhere and I, you know, of course, I have given evidence and with the documentary or oral format, a number of. So, I do not think I have ever made that direct contention. But, there is one particular instance and that is the generics term of the workings of the JPT. Now, we, there is one specific instance, which, which, either Admiral Kamerman has forgotten about, or he elects to omit. That is the evidence, regarding his very own document, co-signed by his [indistinct] of the project executive of the JPT, where he complains in a memorandum. I presume to higher authority, of at least, the acquisition process, where he complains of ADS's and specifically Pierre Moynot and ADS's interactions with Chippy Shaik. He specifically mentions those words, those names and that the price negotiations could not happen in parallel. Now, if it is true and I think it is true that it was the JPT's responsibility to negotiate the scope of work, scope of supply and the price and everything else, of the Corvette combat suite. That was happening, then that certainly is a influence, elicit or otherwise, as I think I have tried to explain, in the workings of the. So, there are actually two responses to that particular point. But, but, anyway, way of summary, it certainly is no myth.

25 ADV SIBEKO: You said, in that paragraph that, in fact, the JIT made

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certain findings in that regard.

DR YOUNG: Yes. The JPT made extremely, well, serious and detailed findings, regarding the scope of the influence, as well as the so-called, well, in their terms, no recusal at all, which I have expanded, is actually incorrect. It is a contravention of his own recorded recusal. But, I think, if I may say, that the JPT certainly did a good start. But, in my own evidence here, I have traversed that influence, the levels of influence in far greater detail.

ADV SIBEKO: By JPT, you are referring to, in your response to my question, is actually the JIT. Is that right?

DR YOUNG: Sorry, are you talking about the JPT, in 694, or otherwise?

ADV SIBEKO: No. In 694, yes.

DR YOUNG: No. I see the term and I think, I specifically used JPT, because that is a quotation from Admiral Kamerman's own evidence and that means the Joint Project Team. But, the JIT is the Joint Investigating Team. Does that answer your question?

ADV SIBEKO: Yes. The question I asked was the JIT made a similar observation, regarding Chippy Shaik's influence on the JPT. That is the question I had asked that I thought you were responding to.

DR YOUNG: It is, yes, that is correct.

ADV SIBEKO: At 696 you say:

*"Kamerman also fails to realise the import of Chippy changing the nature of SOFCOM into a decision making body."*

Now, what do you mean by that?

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DR YOUNG: Well, I think, as I, in some arithmetical detail, described not only the changing of the formula, but also the way that the, the points, in terms of the value system were dealt with. But, as I have, I think, in enough detail, testified that first it was the, the evaluation of

5 best value was done formally, using the formula that, what I call the divisive, or the dividing formula, of military value plus industrial participation, divided by the findings index. That was formally agreed. I think I would not have a, have a problem with saying that that was agreed, correctly. But, it was at SOFCOM, where Chippy Shaik had

10 actually, I think that, certainly his, by way to being advised to me is that he took a proposal to SOFCOM and changed the formula, what I call the additive formula, which is best value, equals military value, plus industrial participation, plus financial index. That was apparently accepted by the SOFCOM, but SOFCOM was only a decision making,

15 so it was not a decision making. It was only a co-ordinating body. Even if it had been, try to constitute it as a formal decision making body, my understanding is that its constitution was never accepted. Of course, SOFCOM does not exist, under MODAC. I think, it only exists under, as, in fact, a derivative of the management committee, or the IOMC, the

20 International Offers Management Committee. They are coming out of 147, in the four stage 147. So, the SOFCOM never had that authority, to make that change of the formula. If one uses the original agreed formula, as well as the correct scored points, specifically in regard of DIP, or defence industrial participation, that Bazan, rather than the GFC

25 would have actually won. I do not think that point has been made, by

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anybody, other than me.

ADV SIBEKO: And you say this point is supported by the German bribery memorandum that you had referred to. Is there anything further, you wish to say?

5 DR YOUNG: Yes. Of course and specifically for the ...[intervene]

CHAIRPERSON: [Indistinct] Advocate Sibeko, you are fading.

ADV SIBEKO: I apologise, Chair. If you say that in your, in that same paragraph that the point you are making is supported by the German bribery memorandum that you have already referred to.

10 DR YOUNG: Yes. That is, that is true. But, just to finish off this point gracefully is, it is clear that almost from every other formal proper selection process that the Germans did not win, whether, in fact, I think Admiral Kamerman refers to four rounds, where the Spanish were the highest bidder. Even at the end of Sitron round two, phase two, the  
15 Germans would not have won. So, as, somehow, the so-called quantitative process, for that support of the decision had to have been manipulated and there had to be a reason therefore. I think, the German memorandum is clear enough, in that it says it was, it was not, or Chippy Shaik says it was not easier, it was not easy, to swing the  
20 decision from the Spanish to the Germans. Of course, that would support my contention of how the, the, he committee, the committee's only influence that Chippy Shaik had, allowed that to actually happen. Let us say, off the radar of the formal acquisition authorities.

ADV SIBEKO: At paragraph 697 of your statement, you state that:

25 *"Kamerman, when dealing with the issue of the ownership of ADS*



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*and my apparent concession that ADS was the only company capable of acting as Naval partner misses the point you are making.”*

First of all, what point would you be making? What point are you making that you think, that you state in this [indistinct].

- 5 DR YOUNG: Well, okay, now I am working from memory and, the point that I had made, in a, in fact, I think this is the famous letter, read out, by certainly, the Department of Defence team at SCOPA. It is referred to in Chippy Shaik's evidence here, as well as, as far as my memory is concerned, it is used by Admiral Kamerman as well. Where I
- 10 acknowledged ADS, as first of all, being the only company that could, could act as this Naval partner to, well, well, for the combat suite. Okay. And also, there is another reference to saying, where I acknowledge ADS as my contractor. But, the point I, I am making is that, only in the context of ADS, Altech Defence Systems, not the French owned, is the
- 15 nominated, the nominated contractor for system integration. So, by that acknowledgement, it does not mean that, that, you know, all, all other endeavours meant that ADS had this exalted position. Sure, at the beginning, they had been involved, at least, up until, from 2000, from 1993 to 1998, at least, they had been involved in Project Sitron. They
- 20 probably even invested a lot of money, as Altech Defence Systems. But, there, you know, the point I am making, sorry, I am belabouring, because this is a difficult theme to deal with, the way that we are dealing with, dealing with it. Is that there could easily have been other contenders to, to ADS, once it was not pre-ordained, in terms of its new
- 25 ownership, by a foreign company, called Thomson. I think, let me just,

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ja, are we gathering ourselves, including myself, gathering myself. Is, as I have said here, in the last point before, of 697, C Square I Square could have taken a major in the system integration, of course, with a partner, like British Aerospace or ST and Atlas, or [indistinct] or even  
5 other South African companies. ADS, by itself, had, had, did not, clearly did not have the capability, of doing it, on its own. But, that, that, certainly, my words of saying that they were the company at this particular point, is not, is not putting words in my mouth. To say that that gave them the right, without any competition, or, as, specially as  
10 things changed, to, to have this exalted position, of being able to negotiate that enormous price for the combat suite, in a non-competitive situation.

ADV SIBEKO: Now, in the last sentence of that paragraph, you made a comment that:

15 *"ADS, after being taken over by Thomson CSF was no longer a truly South African company."*

As a result of which, it could not qualify. Perhaps, in the greater scheme of the RFO, where the combat suite was supposed to have been supplied by a South African company. Why do you say that?

20 DR YOUNG: Yes. In its original incarnation, Altech Defence Systems qualify, as a nominated contractor, because it was a truly South African company. It had participated in the project from 1993. It had used a huge amount, several hundreds of millions of rands, I understand, to develop, whatever it was going to supply, both for the strike craft and  
25 those subsystems that were also going to be fitted to the, the Corvettes

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as well. So, I think, one can easily say, without, without opposing argument that Altech Defence Systems was truly a South African company. Certainly, as I contended, is that Thomson and we have seen, in terms of their own documents, specifically bought ADS in steps, 5 in order to get the combat suite contract. They did it, in phases of buying 50 per cent in 1998 and another 50 per cent in 1999. Certainly, at one stage, my understanding of, of the, is that they actually bought, Thomson of France, actually bought all of the shares, all of 100 per cent of the shares. So, certainly, at one stage, ADS was a 100 per cent 10 French owned company. Only later, did they then give 20 per cent of it to FBS, and indirectly, well, 30 per cent, I believe it was, it might have been 40 to Thomson CSF, to Thomson CSF (PTY) LTD, which was partly owned by Nkobi Holdings, which actually meant that Nkobi Holdings effectively owned an equivalent 20 per cent. Okay. Sure, one 15 can say that now, 40 per cent is owned by BEE companies, although BEE was not a stipulated requirement of the SDP. So, it means that ...[intervene]

CHAIRPERSON: I am sorry, Advocate Sibeko. Are we not repeating this evidence?

20 ADV SIBEKO: Ja ...[intervene]

CHAIRPERSON: Yes, Sir. It is so many times now. I am not quite sure, what is it going to change for you, to be repeating the same evidence. I think, you have said it so many times. Maybe, let us get onto, onto other points.

25 ADV SIBEKO: Alright. In 698, there you deal with Admiral

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Kamerman's meeting with you for the first time. Does anything turn on that?

DR YOUNG: Yes. Indeed it does. It just shows a number of things. I have realised, since I wrote this, that it actually comes to another  
5 important point, made by Commissioner Musi. Anyway, it also shows that his memory is incorrect. Hopefully, my memory is both correct and would supersede that. But, certainly, one of the important points is that, clearly, if he has forgotten meeting in 1991 and we are only, he only mentioned 1993. I had left ADS. Oh. No. Sorry, I never worked for  
10 ADS and them. I worked for UEC Projects, up until January, 31<sup>st</sup> of January 1992. I actually gave my presentation to the Royal Institute of Naval Architects in December 1991. So, if Admiral Kamerman was correct, in that, only we, well, he certainly is correct, maybe he is correct in that he can only remember me in 1993. Then, he could not be given  
15 some of the evidence that we, that he has given to this Commission, from his own personal knowledge, which is what, Commissioner Musi took me on, with respect of, on that particular point. Clearly, if my evidence is correct, well, I will put it this way, if my evidence is correct that he cannot remember. Then, he cannot possibly have any personal  
20 knowledge, of either my presentation to RINA, which seems to be such an important point, nor the, the negative way, apparently, according to him, which I will come to certainly, of my leaving of UEC Project in January 1992.

ADV SIBEKO: In the next paragraph 699, you refer to an incorrect  
25 assertion, by Kamerman that, in relation to your hostility towards ADS

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and how this had to be carefully managed, to avoid damage to the execution of project, Projects SUVECS and Sitron. Can you comment on that?

DR YOUNG: Yes. Again, of course, this was said under oath. It was  
5 said in these proceedings and I think it would be, if it would be within my own personal knowledge of what my relationship with ADS was, at the time. In fact, I, my own personal knowledge of my colleagues' interactions and position with, with ADS was concerned. Okay. I have to, I have to be very frank here, in saying that my personal hostility  
10 towards ADS is frankly, absolute unadulterated nonsense. I, certainly I worked there, not as he said, for a short time. I think, it was just under seven years. We carried on working, with ADS very closely, from 1993. In fact, right at 2005, we delivered a working NDS. On board, still working very, very happily today, on board those frigates, and that could  
15 not have been done, with any hostility from the managing director, of the company, who takes person involvement in every single one of these issues, almost every single day of my, working day of my life, at least. To this day, I will state that there was no hostility. In fact, I have canvassed this three years ago with somebody, who, who I butted  
20 heads with, once or twice, his name is Frank Verhoven. He actually, he actually got the job of branch manager, ahead of me. When I told him this, this is not the first time, this has been, being said. Frank just laughed and he said, but Richard, you were a project manager and it is a project manager's job, to execute their project, which sometimes  
25 caused the clash. But, certainly, a clash, a technical clash in a meeting,

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which I think, I can only remember happening twice, in my, in my whole seven years at UEC. I can remember who those people were, maybe three times. Certainly, I cannot remember any, when I worked for C Square I Square and I worked, not every single day, but every month, every two months, we were having long sessions, three day work sessions, in Mount Edgecombe or in Simon's Town. There was never any hostility at all. So, I am afraid to say, I do not know whether it is just a matter of raising of the temperature. But, certainly, it is said, in the context of execution and the damage, of avoiding damage to the execution of Project SUVECS and Project Sitron. So, it is a contextual one. I need to respond to that and my response is that is just not true.

ADV SIBEKO: What about the allegation of historic bad blood, between you and Mr Duncan Hiles, that he has referred to, in his evidence? This you will find in your paragraph 702.

15 DR YOUNG: Yes. You see, I am entitled to, give this testimony, because it comes from my own personal knowledge. Certainly, I suppose Admiral Kamerman may have had, he certainly interacted with Duncan Hiles for a number of years. But, you know, he makes the statement of historic bad blood. So, of course, this must have been extended for a while. But, I can make and of course, the assertion is made, entirely baldly. There is no evidence, whatsoever. Of course, I cannot adduce evidence to back up my contention, when it does not exist. Unfortunately, that is just a simple tint of logic. If it does not exist, I cannot, if I had any evidence of historic bad blood, I would be forced, in terms of my oath to tell the whole truth and I would have done so. But,

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to the, to the contrary, I accuse, well, certainly, in my discovery, I am now trying not to belabour these proceedings, which are already extended. But, anyway, it is complete and utter nonsense. I worked with Mr Duncan Hiles, well I certainly knew him, from the day I joined

5 UEC projects in 1985, sorry Trivets UEC in 1985. He was a departmental manager in Durban. I did not have much to do with him, on a day to day basis. But, he eventually became the branch manager of Cape Town, which I ended up as being, at least, the longest serving member and one of the most senior. I was recommended, just to put

10 this in the context, in almost the final days, after, if I may call him Duncan, was very hurriedly promoted to the managing director, because his boss had also been promoted to Altech head office, in, it might be in Boksburg, but certainly in Gauteng. I was recommended, as one of the three contenders, to take Duncan's place. In fact, he interviewed me for

15 that, for that position, him and Trevor Moore, whose name also comes up in context of he was the personnel manager. Duncan and I had an extremely professional relationship. We were both engineers, but he did an Mba. I will get to it, relate, once small incidence, if I may, just because it shows my, my memory and it is relevant. I think, he was still

20 managing director of this and it was during one of these three day SUVECS technical committee meetings. Fairly in that, it certainly was in the later, later stage, after the end of the day, I was working out to my car, past the, whether, this is Mount Edgecombe, very big premises. It is almost like a campus and he saw me walking to my car, which is a

25 long way away. He walked past me and he just mentioned. So,

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Richard, I see now, we are working together on Project Sitron and Project Diodon, in those days. I said, yes. He said, okay, that is fine. He actually put his arm around my shoulder like this, if I can show and he actually made sure he got into a military step. I think, Duncan was a,  
5 a Naval officer, at one stage, with the rank of lieutenant and he said, okay, that is great. Let us, let us march or let us walk step by step together in this, without tripping each other up. That is a small incident. But that, but that demonstrates the way that we worked together with both Duncan and with UEC in general. So, certainly, the historic bad  
10 blood is, is wrong in two terms, historically and blood, bad blood. I am afraid, it is just not true.

CHAIRPERSON: Thank you. Maybe, let us break for tea for 20 minutes. Advocate Sibeko, check that this, the witness's statement. Most of the following paragraphs are a repetition. Can we try, as far as  
15 we can, to avoid repetition? I have looked at some of these paragraphs. There seems to be repetition. Let us try and see how far we can go, to eliminate repetition [indistinct] at all the specific reason, why I am asking, to repeat particular evidence.

ADV SIBEKO: We will endeavour to do so, Chair.

20 CHAIRPERSON: Thank you. Let us come back after 20 minutes.

**(COMMISSION ADJOURNS)**

**(COMMISSION RESUMES)**

CHAIRPERSON: Thank you.

**RICHARD MICHAEL MOBERLY YOUNG**: (s.u.o.)

25 ADV SIBEKO: Dr Young, just, you, you had dealt with the historical



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bad blood that was alleged, I think, you have dealt with that, comprehensively, I think. But, just one little point, regarding, perhaps the manner in which you left UEC Projects. Were there any difficulties, that would have resulted in a need for mediation between you, or the, 5 yes, you personally and UEC Projects when you left. This is a matter you addressed at paragraph 7 or 8 of your statement.

DR YOUNG: Okay. There are two different points here, which unfortunately, you are mixing up. The mediation, to which you refer has got nothing to do with UEC Projects. It has to do with my involvement in 10 the project, in the project, with people from, from ADS. So, there are actually two different points. The, there is the antagonism issue, as well as the mediation issue. They are two different points.

ADV SIBEKO: But, the, the antagonism issue is, is a matter that you have dealt with [indistinct].

15 DR YOUNG: Yes. But, again, without belabouring the point and I am just now talking from, from memory and I try to keep it short. Is, and I re-read the witness statement early this morning. In fact, I was going to work from that, rather than my own evidence. Of course, that would have taken longer. But, Admiral Kamerman says that there were so 20 many, okay, I need to [indistinct] the point. The, the reason why there is a little bit of confusion here, as I have said, is this Advocate Sibiya, actually drafted the stuff. I tried to fix it up, as far as possible. But, there is not proper continuity between point to point. So, I can now understand why, why there is, there is this mix up. So, I need to 25 address them both. But, what is meant, in the term, the context of

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mediation is when I was working on the project for C Square I Square, in these technical committee meetings and the design advisory committee meeting, to which Admiral Kamerman refers in his evidence. That there were many heated situations, where they, where they would have to

5 stop the meeting and they, I suppose, that is being himself and maybe the project engineer, being Ian Fowler or Fritz Nortjè used to take us outside or take me outside. I am afraid to say, it is completely 100.0 per cent untrue. It never happened on one single occasion, not one. I am sorry, I am not getting upset. I just have to emphasize it. Because it is

10 so, it is so crazy to actually make that statement under oath. It causes, in disparaging terms, it is said specifically, to cast me in a bad light. It just did not happen. In fact, I can only remember two occasions, in that whole project, where the other people got upset. One was in a design advisory committee, where a guy, called Don Van Zyl, a very excitable

15 man, made a, made some, he banged the table very hard and another, another meeting involved somebody, called John Ritchie. It was [indistinct] somewhere, where Kamerman was not involved at all and Lewis Matherson threw John Ritchie out of the meeting on a point of order. But, in all my years that is the only time, I actually saw something

20 happen. The other point I wanted to make is that surely, if this had been an ongoing thing that either I would have been thrown off the project, or somebody, would have written a letter to me, somebody like Pierre Meiring or, or Admiral Howell, or something. But, it is completely bald, this statement, you know. There is no record of it, in a, in minutes of a

25 meeting, that we had to break for five minutes, while Jan and whoever

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got a bucket of cold water thrown over them, to cool them down. It is a, it is just complete rubbish, nonsense, I am sorry.

ADV SIBEKO: Alright. Perhaps one other aspect that you have dealt with, in, in, quite extensively, relates to your, the relationship between  
5 your company and BAeSEMA with regard to the IMS. You, you have indicated, in your evidence already that you were invited to, to work with BAeSEMA. Do you recall that?

DR YOUNG: Yes. But, sorry to interrupt you, but, I, there were two points there. It is the mediation point, as well as the antagonism point.  
10 That is an important one, I do need to clear that up. You are correct, when you say that the BAeSEMA, it is an issue that has started. If you do not mind, to keep my train of thought, of what is in front of me? If we can just deal with the, the antagonism point.

ADV SIBEKO: Okay.

15 DR YOUNG: Okay. I certainly take the points made, by the Chairperson seriously. But, this particular point of antagonism also, there is a so-called historic bad blood, possibly ends in why I left there and where he says that I left under a cloud, or something. I am afraid that is not only bald. I do not even think it is from his own knowledge,  
20 because he has obviously forgotten who I was, between 1991 and 1993, where he met me again. But, be that as it may, as I have said, without, in my evidence here, without traversing every point in detail, I was the longest serving member or at least the Cape Town branch member at this particular stage. I, I, when I joined Trivet UEC, it was as a project  
25 engineer in 1985. That in itself was a promotion, from my previous job.

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I had three promotions in that, well, what he calls a short time. But, seven years is not that short, from project engineer to project manager, to departmental manager. As I have said, in the very end, in fact, I was interviewed, just before I went overseas, to give my presentation to

5 RINA. In fact, while I was overseas, the decision was actually made. I was only overseas for, I think a week or so. It was not long. But, I, I do not think that there had been blood, bad blood that was, according to Kamerman's evidence that was known, that I had started my own company. I have acknowledged, in fact, in Public Protector hearings, I

10 acknowledged that I registered the company, as I have stated under oath. I never earned one brass cent, or even did, probably one minutes' work, if that, until the 3<sup>rd</sup> February 1992. So, unfortunately, not, it is a, it is an incorrect statement. But, if one looks at the logic of it, first of all, it is illogical that, in terms of my promotions and as I have said here, is I

15 think I, every single year I got a salary increase and a performance bonus. In fact, I think I got, [indistinct] promoted three times. I received 12 salary increases in seven years. Each, each was accompanied, by, in words of recommendation, signed by this, the same, very same Mr Howells and his boss, who was known to Admiral Kamerman, Mr Johan

20 Joubert. I think, I think I do need to point out, what is written in my paragraph 607, where Johan Joubert says in his letter of 1990, which is not that long, before I left. He says:

*"Dear Richard.*

*The Cape Town branch (of which I was almost a founder member) has*

25 *performed well, during the past year, despite major setbacks, brought*

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*about by cuts in the defence budget. I am very aware of the fact that such successful levels of performance can be attributed to the efforts of a number of key people. It is group policy to aware performance bonuses, not a matter of course, but in recognition of exceptional*

5 *contributions, made by individuals to the company's team effort."*

I do not need to go further than that. But, by 1990, as far as I can remember, I had registered a company. I had not told anybody about it, because I do not think I needed to tell anybody that I had registered a company, that had a, that reserved the particular name of C Square I

10 Square Systems. I did not operate it. I did not work in it. I did not earn any money. I did not even earn any tax returns, or pay VAT, or whatever. So, as he goes on to say that the company found out about this and that is why I left under a cloud. Okay. That is, that is non-sensical. But, what he also says, in evidence, if it is not here, it is in the

15 Public Protector hearings is that, now, listen to the logic of this, just to show the non-sensicalness of this. Is that he says that the ADS, Thomson legal team would be able to ascertain the existence of my company, because it only took him a couple of minutes to search, now that we are talking about 2001, to search on the registry of companies,

20 for the existence of my company. Now, think of that. What, if they knew that I had a company, of which I was working for and earning money and that caused problems, in, before I resigned in 1991, no, sorry, in January 1992, why did the legal team need to go and search for the company registration details? I am afraid to say, I have done a formal

25 course in logic, at UCT, after I did my Phd. But, I am afraid, it is not a

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cogent argument. In fact, it is complete and utter nonsense. This is patent nonsense that is designed to affect my credibility and Admiral Kamerman's representative is here, Advocate Kuper, talked about reputational damage. That is a polite way of exactly the reasoning why this evidence is being given to, to this forum.

ADV SIBEKO: Now, let us get back to the BAeSEMA the matter, which I had just introduced, before you responded. Now, in the evidence of Admiral Kamerman there is a discussion, relating to your relationship with BAeSEMA and the consequences of that relationship would have had to the South African industry, had BAE [indistinct] and your company been appointed to offer the complete solution, regarding the combat suite. Now, that discussion appears in the transcript, perhaps it, it starts, perhaps relevant portions thereof start at page 6399 of the transcript. Your, your [indistinct] document is 6215.

DR YOUNG: Yes. I have my 6215 in front of me.

ADV SIBEKO: Now, if you go to your 6216 and our 6400, for the record and starting at line 13, there is this whole discussion about the South African combat suite and your name is mentioned there. There is a passage that reads:

*"There is no doubt at all that British Aerospace or BAeSEMA got wind of that, when they themselves would have gone to the Reutechs and the Grinteks and the Denels to explore co-operation on this alternative combat system and they were obviously given shirt strip. The secondary, of course, is that BAeSEMA probably found out in the intervening weeks that they were dealing with a company of 20 people*

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*that had no factory, that could not post performance warrantees in a major international competition at all and that certainly would have, let us say, caused them to withdraw."*

Just briefly, what is your comment to that?

- 5 DR YOUNG: Well, it is all patent nonsense. In fact, it is biggest rubbish I ever heard in my life. Having been involved on the inside of this process, I can say that I say that from insider knowledge. Of course, Admiral Kamerman knew something, of what was going on, at, specifically because we briefed him on that. Even in that context, he
- 10 does not tell the truth. But, to try to give the, the impression to these proceedings that this idea of BAeSEMA pitching in a competitive way, against Thomson ADS, is just completely, well, that they got the idea from us and that we led this, is, is just untrue in every single respect that one can think of. First of all, as I testified a day or two ago, this is
- 15 something that they had been interested in, for years and years. In fact, I can tell you that I did not realise the significance, when I gave my RINA presentation in December 1991, a person was there, I did not realise the significance of this, but he came to ask me a question. His name was Chris Courto. He was the same person, who was at SA Navy 75, in
- 20 1997 and the person, one or two, who requested Armscor, to provide them with documentation about the IMS. But, BAeSEMA had been looking at this opportunity for half a dozen years. As, one, one truthful thing that Admiral Kamerman says is the 20 man company wagging a, in fact, a BAE, it is British Aerospace, it is a bigger company than even
- 25 Thomson. I think, it has got 300 000 people. So, anyway, it was not my

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idea. I do not intend to traverse every single aspect, of the documentary evidence. But, there is documentary evidence, which I am not sure, whether it is included here, in my witness statement. But, it, it, there is a documentary trial from way back when, at least 1997, where they were

5 not only in contact with our company, but other companies. In fact, there is one letter, I can remember, signed by somebody well known, in our industry, called Eddie Noble, who was a manager of an electronic warfare company, I think Grinaker Electronics, at that stage [indistinct].

Going back, way back when in 1997 of communications between British

10 Aerospace and them, asking whether they were interest in being involved. That is just one piece of documentation that I have. But, anyway, I do know from my personal involvement, every single company, from Reutech, to Grinaker to Denel and smaller companies like [indistinct], for their interest of course. The only company that they

15 did not canvas was ADS, because by this stage ADS was being taken over by Thomson, who was their competitor. Okay. That is, that is one part of it. The other contention to make, that it was British Aerospace, who pulled out of the country, because the negativity that I had generated, with my so-called colleagues, in the industry, then bit me

20 back. It is just completely untrue. The reason is, as I have stated in the one letter written, I think, by Allan Nicolls and Florence of BAE, or, no, or it might have been Richard [indistinct] Richard Southmore, or whatever. Anyway, it was because of the competitive situation. It is nothing whatsoever to do with C Square I Square. I have to pause

25 there. But, I am not finished on this point.



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ADV SIBEKO: Is there anything you want to add? I need to take you to another passage, regarding this BAeSEMA matter.

DR YOUNG: No. I certainly welcome you to take me to the right passage, before I develop verbal diarrhoea.

5 ADV SIBEKO: Now, there, there is a passage at our page 6402 of the transcript and it is your page 6218. That passage starts as from line 14, during the discussion of this relationship between your company and BAeSEMA. It was a proposition put to Admiral Kamerman, by the Chairman, where he makes the following point:

10 *"Let me just get some clarity from the witness. Will I be right to say if Dr Young has succeeded with, had succeeded with his plans, as contained in the letter (that is referred to in that, during the course of their discussion) the entire local industry, as far as the combat suite is concerned would have been compromised?"*

15 And Admiral Kamerman responds:

*"Commissioners, yes, not in the final analysis of work that would have been given to some of those South African contractors, but in the main, the entire combat suite was affected, in every instance, particularly the ADS instance that he was proposing to completely displace ADS, a 450*  
20 *South African manned company for the integration work and the combat management system with a completely British-owned and British-staffed company. The work would have been done in Britain by Britain's with British technology."*

Would you like to comment on it?

25 DR YOUNG: Well, other than, almost every single line of that is a lie. I

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seldom use that word in proceedings like that. But, that is the only appropriate word. Because, even on the version of the presentation that was given to him, as I see in his, you know, what he states on the 16<sup>th</sup> of December, which is correct. I know it, because it was a public holiday,

5 because that is the day that he asked that the presentation be given. It was the only day that he was available. But, in that presentation, as well as, I think the, the letter to which he refers my letter to him, but certainly the presentation of which I have, you know, not, not in the last day or two, is British Aerospace were, were, well, proposing an

10 organisation, called ASM, advanced systems management. In fact, the original incarnation of ASM was not by me. I never started that, at all. I was only invited to join, because I had a thing, called the IMS, which would have been the glue of this combat system that they were proposing and their combat management system, in particular. But, be

15 that as it may, ASM was, was not registered as a PTY LTD company, but as the presentation said, is that it was proposed to be a completely South African solution, other than the technology insertion, or technology injection of British Aerospace's or BAE [indistinct] particulars of combat management system and its technology. But, of course,

20 although they wanted to supply that system, there are two, a couple of important points. First of all, they wanted the IMS, because that was part of the base line. The, they wanted the same architecture, the same, they wanted the same technology. They wanted every single aspect of it, as it met the Naval user requirement specification, as the

25 user, it had the user requirement specification, the programme plans,

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platform requirement specifications. All of those base lines, they wanted to retain. The only thing that they wanted to do, because another thing, it was a competitive situation, where ADS, because ADS Thomson themselves, were taken out the indigenous Project Diamant, Project

5 Callibre and AIS and I believed sea based combat management system, to replace it with the French version. All that BAE wanted to do was to say, well, I see the French technology here. You cannot be pre-ordained, if this is now in divergence from the, at least the, then base line of the British documents and element costing and description. All

10 we want to do is, is compete on an even footing with that. If one also has sight of and I do not, I certainly would like to do it, but I do not think it is necessary, because, because I am under oath here. So, I am hopefully telling the truth. I am doing at least the best, as far as my memory is concerned. Is that all the documentation that is provided,

15 externally to the Navy, in terms of the presentation, provided externally to the GFC, in terms of exactly, precisely the same presentation, I think, was given just before. We, we being me, as part of ASM, with British Aerospace, at this stage, had given that presentation. I think, the only difference is that it says velen dank at the end of it, rather than thank

20 you. That is German for thank you. So, everybody was aware of what the intentions were. Indeed, the, those same presentations and their documentation, to which Admiral Kamerman had access showed, beyond any doubt, whatsoever that the intentions were to include every single aspect of the South African local combat suite, every single part,

25 except, of course, not the AIS and the WECU, which at this stage, had

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actually been kind of rejected by ADS themselves, but the BAE part. So, I think, that covers that particular point. But, I, oh, I was actually looking at something on the previous page, on my 6217, if, if I may address that.

5 ADV SIBEKO: That would be our 6401. What line would that be?

DR YOUNG: I am starting at the second line, it, it says:

*"Very suddenly withdrew."*

ADV SIBEKO: Now, the passage you are referring to is at our 6400. Just about line 23:

10 *"Young makes the fact, he makes a direct implication that no, no British Aerospace very, very suddenly withdrew."*

Is that the passage?

DR YOUNG: Yes. That is true. And ...[intervene]

ADV SIBEKO: Yes. You can continue.

15 DR YOUNG: Well, first of all, it is very true that they suddenly, that they, they extricate themselves within, like 48 hours. The letter that I have put before the Commission proves that. It was a huge surprise and disappointment to us. Of course, it is very, very suspicious of their own, on the record statement, which I, of all of their directors, senior  
20 directors saying this is a must win project. Anyway, Admiral Kamerman states here, at the next line:

*"We found it absolutely wrung (but I think it is wrong) to use that word, that he would have concocted an alternative combat suite that would have displaced thousands of South Africans, behind the backs of local  
25 industry that he had been working with, very closely for the previous*

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*seven, eight, nine years and the consequences of that was that he was certainly cold shouldered by industry thereafter."*

Now, that is the first point I wanted to make. Now, it is just completely, it is just complete nonsense. Because I had, I was a very small part. I

5 was only invited to participate in a smallish way, of course, they, or the small part involving some equity, because they wanted our, our buy in partly maybe in terms of risk. But they were working all of the levels. Every single thing you could think of in the industry, in the Joint Standing Committee and Defence, in the Navy, in Armscor, you name it, 10 they, they were working and nothing, in fact, a lot of the stuff only got to my knowledge, which it did, but after the fact. They were calling the shots. It had nothing, whatsoever to do with me. Certainly, unless Admiral Kamerman knows something that I do not, I was never cold shouldered by the industry. Because there was no, first of all, there is 15 no reason to do so. So, you know, I have been, my small company is surviving here, 16 years later. Right now, we are pitching for Project Hotel, hydrographic survey vessel and Project Byrell, the patrol vessels. I am certainly not seeing any evidence now, as there never has been ever, ever once of any cold shouldering, by the local industry, for the 20 simple reason that it is just not true. Of course, at the end of this particular point, is something extremely, extremely interesting for me, at least, at least from a legitimacy of, or the illegitimacy of my interest in being involved in the legitimacy of making, of, of clearly, as his own evidence states, of, of discouraging this competition. Maybe I need to 25 re-address the sentence:

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*"It did not make, it did not in any way affect our intention to include it in our base line, which we did and ADS, apparently took a more mature view of the fact that they had been challenged, but it came to nought and British, BAeSEMA would have no chance in the competition in any event."*

Now, that is fraught, it is absolutely a fraught statement. Okay. The, the base line thing was, of course, the IMS. As we can see, even at this stage, even though the involvement with IMS did not lead, did not upset the correct acquisition authorities enough, to remove us from the base line. That was removed for completely different reasons. But, it is not actually quite true that ADS apparently took a more mature view. They just took a very sneaky view. As their own letter said, they would carry on engaging with us, but without any real intent. But, anyway, what is more important, it did come to nought. But, as he says here, BAeSEMA would have had no chance in the competition in any event. Now, if I may say, how can somebody, in terms of MODAC, in terms of the Constitution imperative of, of competitiveness? How can it be, in terms of the, the Armscor position, put into writing, by the CEO of Armscor, okay, so after this, of asking the GFC to, to [indistinct] instruction, to look for alternative sources of supply? That can only mean competition. There is no other interpretation, whatsoever. So, that clearly, somebody would have been in a position to make sure that BAeSEMA and specifically a South African version of a, of an organisation of another consortium, including BAeSEMA and [indistinct] had absolutely, had no chance. That is a fairly serious statement to make.

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ADV SIBEKO: Now, if one has regard to your points to the passages that I have referred to, plus the evidence you have already tendered to the Commission, with regard to your relationship with BAeSEMA and the, now its anticipation in the bid for the combat suite. Would it be fair to say, that concludes your evidence, with regard to the aspect of BAeSEMA and the evidence tendered by Admiral Kamerman, before the Commission?

DR YOUNG: There certainly, there are other things, but I think I have, I have, at least addressed sufficient of them, to at least, to demonstrate that he is not always correct, of what he has said to this Commission and previous other similar type of bodies. I do not, unfortunately, his evidence, I think, is [indistinct] with the, the witness statement is 108, supported by 785 pages of evidence documents and 299 pages of witness statement. Much of it applies to me, personally. My intention, as I have said, I do not intend to address every single one of these aspects. Just sufficient enough, to show that Admiral Kamerman's evidence cannot be believed, be believed, certainly not in all instances. I think, I have read, in the transcripts of this Commission the reference. I think, I also remember the letter that my former evidence leader, leaders Admiral, oh, Admiral, Advocate Skinner SC and Advocate Sibiya wrote to this Commission, regarding the view of Admiral Kamerman's evidence. I have seen it referred to as stubborn evidence. Okay. My, I think, I have said sufficient to, to negate the view that it can be reviewed as stubborn, certainly not where it affects me in any way, or my, or any of my evidence, regarding any of the points. But, there, of course, there

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is, there is just one other point that you have skipped over and that also involves a, an extremely important point. It was brought up a couple of days of reputational damage. If I may just find, we skipped over it, if I may just search backwards for a particular search term, which I will do,  
5 while I switch off this microphone.

CHAIRPERSON: Advocate Sibeko, are we still busy giving evidence? Because I see, the witness is checking is ...[intervene]

ADV SIBEKO: The, the ...[intervene]

CHAIRPERSON: Something else.

10 ADV SIBEKO: Yes. There is a reference or search he is doing, with regard to the last point, he says he must make, in his evidence, yes.

CHAIRPERSON: No. Just that I heard him saying that he must search. So, I was not quite sure, whether he is still going to give evidence or not.

15 ADV SIBEKO: Yes. He is giving evidence.

CHAIRPERSON: Thank you.

DR YOUNG: Sorry about that, but we have been skipping points there, so I lost my, my train of thought. Sorry. Sorry about that. I, I, we have been skipping various points here and I lost my train here. I have  
20 found both the points in my witness statement. It is my point 711, where I regard, where, where I say:

"It is defamatory for Kamerman to suggest that I had (or my own words) stolen 'Brown' or ADS's intellectual property."

I also refer that, in his own evidence, the transcript of it. It is in my page  
25 6176.



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ADV SIBEKO: That, sorry, that will be the transcript page 6360. I, perhaps, before you deal with that, I should just remind you that, I think, a couple of days ago, you, you did give evidence, with regard to intellectual property that was alleged to have been stole.

5 DR YOUNG: Yes. Thank you very much for that reminder. That was in the context of when, just after I left UEC projects and started C Square I Square and on an ethical basis, traversed with the company. I think, we referred to the letter from the personnel director, in fact, he was Trevor Moore. The whole issue of intellectual property and copy  
10 right and I think, that letter, as well as my analysis of it, certainly, the evidence was that there was no such intellectual property. If I may say, I left UEC Projects in 1992. That is 23, 24 years ago and never once, in any form whatsoever, whether it has been loose talk in the gents, or at meetings or whatever, certainly not in emails, formally, lawyer's letters,  
15 has there ever, ever been the slightest bit of inference that I had done anything, involving copy rights or ADS's intellectual property. So, I was quite interested to read this. It is a pretty serious statement that sits here in front of us. Certainly, if it was accepted and I was not to, to rebut it, it would certainly be damaging to my reputation, as a certainly,  
20 as a professional, a professional engineer. Anyway, at the relevant point, Rear Admiral Kamerman is recorded as saying is:

*"He had problems, overall with ADS, because when he had worked at ADS he established his company and started it in a secret way and then he had a major blowout as a result of that with the management of ADS,  
25 particularly Mr Duncan Hiles who was still the senior manager*

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*responsible during these negotiations several years later, as well as individuals such as Mr Doug Law-Browne (it is spelt with an e) who was a fellow engineering manager with him when these things were happening. Some of Browne's technologies were utilised, let us say for*  
5 *commercial means."*

Now, of course, this might go into the hallowed ground of interpretation. But, then, I cannot come to any other interpreter is that this difficulty that he is to purporting with me, could have ended up with me stealing Doug Law-Browne's technologies, intellectual property, whatever it is. Now, it  
10 is just so bizarre, because first of all it did not happen. Secondly, as a manager there, as he says himself, Doug Law-Brown would not own any technology. So, if he was a manager for UEC Projects or ADS, Altech Defence Systems, or African defence systems. So, such a statement, not only is it bald, it is in such gentle terms it is highly defamatory.

15 ADV SIBEKO: Is there any other passage you want to refer to there?

DR YOUNG: No. I think, I think this is sufficient for the present purposes.

ADV SIBEKO: During the course of your. No, perhaps, before I ask the question. Is there any other aspect of Admiral Kamerman that you  
20 want to deal with, before we close off on, on that aspect of your evidence and I have one more aspect I need to canvass with you?

DR YOUNG: No. I would be very pleased if you took me to one more, one more aspect.

ADV SIBEKO: During the course of your testimony, yesterday, you  
25 made reference to a Captain Reed in a Section 28 interview, during the

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JIT. Do you recall that?

DR YOUNG: Yes, I did. I need to state that that is a very important point. I thank you for bringing back. But, it is not necessarily, well, it is not at all, in the context of my response to Admiral Kamerman's evidence. It is a self standing point that I brought up, under the theme of irregular decisions made, in the submarine acquisition.

ADV SIBEKO: Yes. I thought my understanding with you was that there is nothing further that you wish to raise, with regard to the evidence of Admiral Kamerman. That is why I went to that point. Are there any other points that you want to traverse, with regard to the evidence of Admiral Kamerman, before we get to that point?

DR YOUNG: No. I would be happy, I would be quite happy to go onto that point you have just mentioned. Except, yes, I would just like a break, while I close down a couple of the documents here, before my, let us say it never happen before, but I would not like it to happen right now.

ADV SIBEKO: Please indicate, once you finished closing those documents [indistinct].

CHAIRPERSON: Advocate Sibeko, should we not perhaps try and help the witness, because I am sure we do not have much more time. I see, he has read through, he did some researching. I though he was coming to give evidence.

ADV SIBEKO: Chair, the witness indicated that he is shutting down some documents. He is not looking for them, so that he can deal with the issue that I had asked him about. He is not looking for a document.

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CHAIRPERSON: He is?

ADV SIBEKO: He is shutting down.

DR YOUNG: Yes. I, I, of course, I think we referred to this document yesterday. It is a statement under oath to a Section 28 interview of  
5 Captain Reed. It is a document that was only provided to me, probably today, three, three weeks minus one day ago. I did not have a copy, a digital copy myself. I was downloading this, the beginning of our work here today. That is why I have a digital copy in front of me. But, we did ask Advocate Mdumbe to make 21 copies, including one for me, which I  
10 have not seen yet. That was why I was opening up my digital copy, in addition to closing down the, the documents. That was what I was looking for, including the relevant sections, so I can go straight to them.

ADV SIBEKO: Then, what is the relevant section of the document that you downloaded?

15 DR YOUNG: Sorry, may I ask, have, have all the relevant parties got their?

ADV SIBEKO: I, I do not think the relevant parties have got all the documents. The file has recently been furnished to us, not all of them. But, I am sure we will make copies available. Can you then just point us  
20 to the relevant part?

DR YOUNG: Okay. Well that means that to me that I need to put the document into context. I think, I have just done that partially, starting, I am just, I only have three points to make here. They can only take three or four minutes. But, I am looking at page 2105 of the transcript. Now,  
25 this was provided to me, by the Commission, as I said. So, hopefully

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that means it is on the record. I am looking at a scan version of the document, which I would like to read out, so I will not make any mistakes. I am looking at, it looks like the beginning of line 25.

ADV KUPER: Sorry, we are some difficulty in identifying the evidence  
5 or the document, to which this witness now seeks to refer. It would be of great [indistinct] to us, if we had something, a little more detail, by way of reference and we have a [indistinct].

ADV SIBEKO: Now, thank you. Mr Kuper, that document that the witness is referring to is entitled, investigating directorate, serious  
10 economic offences inquiry, in respect of SANDF, held at the Brooklyn office in Pretoria. Enquiry number 1/4/321/2000, date 2001/08/06. Witness, MR AJC Reed. Chairperson, Mr C Dechampford, Decharmont, office of Auditor General. Examiners Mr K Pather, office of the Auditor General. Mr M Tshiki, office of the Auditor General. On behalf of the  
15 witness, Ms C Dryas, head attorney. Mr A Ramjee, State attorney. And the witness is referring to a, you said page, you said page 2105. Is that correct?

DR YOUNG: That is correct, yes.

ADV SIBEKO: What line did you say you are referring to?

20 DR YOUNG: I am referring to, it looks like it is line 30 at the end. So, it looks like line 25, starting with the words:

*"We realised at that stage."*

ADV SIBEKO: You say it is page 2104?

DR YOUNG: I think I said page 2105.

25 ADV SIBEKO: Alright. You say at line, line 25 it starts with:

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*"We realised at that stage that it was going to be a government decision."*

DR YOUNG: Yes. I think that is important, in its own light, with, regarding my contentions, regarding the formal acquisition procedure.

5 But, I say here, quoting Admiral Reed, who is the project officer of the submarine. I am giving this evidence, with respect to the theme of my evidence, which says allegations of corruption [indistinct] of submarines. I am not necessarily saying that this is a direct indication of corruption. There is certainly an indicator of the process. Going back to my  
10 document, he says that:

*"We realised at that stage that it was going to be a government decision, which submarine was going to be purchased and we wanted to make sure that there was a wide range that would be acceptable to the South African Navy."*

15 Now, of course, this is a back, back to front acquisition procedure, in terms of MODAC. But, be that as it may, I now come to my next point that is the introduction point to the point I want to make, on that page 2114.

ADV SIBEKO: What line?

20 DR YOUNG: It starts at line 11 and ends at line 19.

ADV SIBEKO: Okay. It says:

*"What, the whole risk report came about at a meeting in Simon's Town, where I felt that the team was not pulling in one direction. Decisions, certain decisions had already been made about firstly, which  
25 submarine we were going to get, which combat system we were going*

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*to be getting and people were on the team, were still pulling sideways. So, at the meeting, I tried to encourage everybody to live with the decisions that had already been made and if they did not like those decisions, then to let us know about it."*

5 I suppose it is unnecessary for me to analyse the meaning of those words.

ADV SIBEKO: But, you say, these passages must be read, but in the context of your statement, where you deal with allegations of corruption with regard to submarines.

10 DR YOUNG: Ja. Well, that is just a theme. I deal with, with allegations of corruption. But, of course, I deal with the selection process, which is an ally theme in this particular, and this particular point I wanted to make, regards to the legitimacy, or otherwise of the decision for the submarine and the process, which was clearly the one  
15 that happened. Not in my words, but in terms of the project officer's words. I still want to come to just one sentence, but I will pause there for the, the moment.

ADV SIBEKO: Yes. Is that sentence on the same page?

DR YOUNG: No. It is on the, I think it is on the next page, 2115 at, at  
20 line, it also looks like a line, about line 15.

ADV SIBEKO: Yes?

DR YOUNG: Okay. It is not as though I am trying to cherry pick. I am trying to give a context, including a chronological context. Because this whole thing is about decisions and about risk reports and process  
25 and Captain Reed says here:

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*"Because this was still early in the process, it was before the final offers were on the table."*

And hopefully that, my, my inferences are correct there. The point I am trying to make is that the decisions had already been made. So, if I may

5 say so, why bother to go out to a competitive, competitive acquisition process and waste all of those companies' time, when the decision to select the submarine had already been made?

ADV SIBEKO: Now, having dealt with all these aspects that, this will bring the conclusion to the, the something that you had started to deal

10 with yesterday, when we had to look for those transcripts. Is that right?

DR YOUNG: Yes. That is correct. I think, it was, that was actually indicated to me, by my legal team, my evidence leaders. So, yes, it was done. I know why, it is because this document actually came to me so late. We only addressed it in, in paper form. I am glad that is, I think,

15 that is one of the, the, what the evidence leaders do, is they, they lead the witness's evidence.

ADV SIBEKO: Chair and Commissioner Musi, we will ensure that copies of the relevant pages of this transcript and perhaps the entire transcript, just give context to his copy and give them to the very

20 [indistinct] of your teams. Perhaps it would be placed at the end of the last item in file seven and for purposes of administration. Perhaps, just to complete the, this other aspect that, that there was an annexure RMY 139. It is a Thomson Marconi letter that you were going to look for. Did you find it?

25 DR YOUNG: Yes, I did indeed. I the pdf version is in front of me. I



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was just searching for, for the relevant section in my witness statement, if I may.

ADV SIBEKO: You, you will provide a copy of the document, so that we can go into the bundle, so it can accord with what you have quoted  
5 in your statement. Is that correct?

DR YOUNG: That is correct.

ADV SIBEKO: And that, for purposes of the record will be marked RMY 139A. That document is dealt with, at your paragraph seven [indistinct].

10 DR YOUNG: 692.

ADV SIBEKO: Yes. 692. Having dealt with these aspects of your testimony, I think, that would bring us to the concluding paragraph of your statement. Is that correct?

DR YOUNG: I have not quite got there yet. But, do you want to take  
15 me to the correct number of my statement?

ADV SIBEKO: What paragraph? Do you say 61? What paragraph number are you ...[intervene]

DR YOUNG: Sorry, no, I have been looking for the paragraphs, so I have lost my place, if I can find it quite quickly?

20 ADV SIBEKO: We, we had been dealing with the paragraphs at, perhaps if you go to paragraph 184 of your statement. There are paragraphs there, 710 going forward. The issue, relating to, the allegations, relating to the theft of Browne's or ADS's intellectual properties is dealt with at paragraph 711 of your statement.

25 DR YOUNG: Yes. That is correct.

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ADV SIBEKO: You, you have dealt with that paragraph extensively. At 715, you say it is, well you say, you also do not have input into Feinstein's submission. It seems there was an allegation that, or [indistinct] made by him, or evidence given by him that you contributed  
5 to a submission that amplifies that.

DR YOUNG: Yes. I certainly had no input. In fact, I did not even have any visibility of it. I think, I only met him, three times in my life. Once, was after this Commission had been promulgated. It was quite a long time ago. Once was, I think, about five years ago, where he sent  
10 me a couple of sentences of his book to proof read. But, otherwise, I have not had any interaction with him, in this regard.

ADV SIBEKO: Now, Dr Young, having read through your seven, paragraph 723 going forward, it, it does appear, as the Chairman has pointed out that the, the paragraphs contained therein, have been dealt  
15 with quite extensively in your evidence in the last six, seven days. Do you agree?

DR YOUNG: Yes. I think that is a fair, it is a fair statement to make.

ADV SIBEKO: In fact, going right up to paragraph 751, which deals with the revolving door issue, it does seem we have covered all these  
20 quite extensively.

DR YOUNG: Yes. I, I think I would agree with that. I think, there is, I just want to point out one thing we have not discussed, regarding the theme of my response to Admiral Kamerman's evidence right now anyway, is the issue of my attendance at RINA in 1991. I just wanted to  
25 point out that there was nothing untoward about this. There was nothing

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untoward whatsoever, about doing it in my company's name. This was all done with the full knowledge of Armscor and the relevant Navy people, at the time. There is documentary evidence to, to show that. I, I agree. I am just pointing this thing of, of this, the context of this particular theme.

ADV SIBEKO: And that part of your evidence, you have dealt with and, and you have referred the Commission to RMY 3 in file one. Do you recall that?

DR YOUNG: Yes. I remember that.

10 ADV SIBEKO: And the slide presentation that you made at that symposium is a document you have included in, in the documents. Perhaps, putting the question differently, there appears to be a registration form. It is your document 0003 and our RMY 140. With regard to what appears at paragraph 743 of your statement. RMY 140  
15 is at 2908. Yes. It is at file six continued. Have you found that document, Dr Young? Six continued.

DR YOUNG: Yes. I have got that document in front of me.

ADV SIBEKO: Can you please identify that document for the record?

DR YOUNG: Yes. It is a document signed by me. It is an application  
20 form, or, sorry, registration form for NAVTEC 1991, Royal Institute of Naval Architecture, international conference on information technology in warships. I identify myself as an author at this stage. It is all to do with the fact that I could get free entry, instead of paying 450 Pounds Sterling. I identify the applicant for registration as myself and the  
25 company as CCII Systems, with the relevant address, at that stage.

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ADV SIBEKO: And in the following paragraphs, you demonstrate, as you have previously in your evidence that there was nothing untoward, in you attending this symposium or conference and Armscor was aware of that. In fact, it seems it was at Armscor's instigation that you did it.

5 DR YOUNG: It was actually the project officer of Project Frizzle, which is the combat suite part of Project Falcon, at that stage, Commander Brian Blackbeard. It was his instigation. His, his opposing part was Anton Jordaan of Armscor, who reported to Pierre Meiring, as far as I know. Pierre Meiring was fully in the loop here, that there is  
10 certain documentation from Anton Jordaan that gives me permission to do so. There is documentation from me to him, of explaining the reason why it is, the presentation in terms of it, done in the company. Because as he says himself that I may not, well, indicate the company I work for, UEC projects in those days. I, at this stage, when I prepared the  
15 presentation, did the application for registration, I had absolutely no idea that I would be leaving UEC projects, basically, well my application form, I think, was, was it August. No, this one is not dated, but you can see there, it was as early as August of this year and I was leaving. I left at the end of January. So, the Navy was involved, Armscor was involved.  
20 My company management were involved, because they approved my airfare and my foreign exchange, et cetera. I am pretty, I am pretty sure, I cannot quite remember this. But, I am pretty sure that if not this very page in front of us, or even a synopsis of my paper, it would have been attached to my overseas, my application for overseas travel.

25 ADV SIBEKO: And with all of that, would, that would really bring us to

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the conclusion section of your statement, right? And having gone through those paragraphs 752 perhaps right up to 774, that really is the summary of what you have set out, in the statement.

DR YOUNG: Yes. If I may, may so, maybe instead of me, not having  
5 my own legal team and instead, instead of me finding a legal team quickly or even submitting my own argument, in terms of submission. Maybe this can be dealt with, not now, but it is in lieu of those kinds of submissions and argument.

ADV SIBEKO: Now, at, at your paragraph 775, with its subparagraphs,  
10 you suggest what recommendations should be made by the Commission, after the [indistinct] has heard all the evidence and that would be something perhaps that could be dealt with, at the appropriate time. Is that correct?

DR YOUNG: That is correct, yes.

15 ADV SIBEKO: That then, would bring us to paragraph, no, page 198 of your statement and that is the signature page of that statement. Would you agree?

DR YOUNG: Yes. I have a signature page. It might not be the same  
20 page number. Because I have been adding in things to this, it is a working document. But, I do have a signature there, with my full, correct name, from the, it is for the transcript as well and the date, in which I completed and signed this document.

ADV SIBEKO: Is there anything else you wish to add to the statement or the evidence that you have given, up to thus far?

25 DR YOUNG: Possibly, only by means of extra information that I do

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not need to address now. I have added on appendix a, which is a recordal of what, what was published in the ANC today, in the hear 2003, 30<sup>th</sup> of May. I think it is fairly apt for, just as a title for this, for these proceedings. The author, Thabo Mbeki, who was the President at  
5 the time, says:

*“Our country needs facts, not groundless allegations.”*

I am not going to ventilate this at all, other than to say, this was a response to me done and in digital form. I have responded, in terms of my blue text here. You might not see it. Unfortunately, it was, it was not  
10 printed in different colours. But, certainly in my version has got paragraphs, written by the author and then my responses. I did this in a little bit of a hurry. So, I did not, maybe use the right inverted commas and indents and whatever else. But, be that as it may, I would be very happy if the, a colour copy would be made to the parties, who are  
15 interested in it. But, the other point I wanted to make, is, this has been a tough ask for me. But, if I am responding to the, what the title says of:

*“Our country needs facts and not groundless allegations.”*

I would certainly hope that what I have, I have certainly tried to do is provide facts, mainly documented facts. As I have stressed right from  
20 the beginning is I told my evidence leaders, who were helping me prepare this, as I prefer to place the facts and the documents, not on my documents. Of course, they are my documents, where they are particularly relevant and then other people's documents. Sure, when it comes to the nitty gritty, unfortunately, I am not party to any corruption  
25 or irregularities. Of course, the question may be begged, if I was, would

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I be telling the whole truth and nothing but the truth and supplying evidence thereof? I think that that deals with that particular point. It is a couple of pages, because it was a long digital [indistinct]. But, my appendix b was just a, just a place holder, because if time permitted, I

5 did want to address some of the evidence that was given, at a fairly late stage, at least, by Chippy Shaik. I think, because his evidence was given in November, which was just when I was beginning to prepare my witness statement and Fana Hlongwana. I do mention his name. I will be open, open and frank as I am possibly am allowed, in terms of the

10 protection of my sources, which unfortunately, for me is a, or in a fortunate, fortunate in a way is more important than anything else. Sources, who give one information and swear me, the recipient to secrecy, regarding the disclosure that has to take precedence over anything else. But, be that as it may, where I provide evidence, I

15 provide evidence in documentary form and not my own hearsay. But, if there is something that I could add on there, there were just the three other people, whose evidence I have looked at. I want to make some fairly short observations on it. That was, I think, Gerhard Grobler from Armscor, Admiral, Rear Admiral Phillip Schultz from the Navy and very

20 shortly, in context of that Rear Admiral Higgs. I am fairly exhausted. If I do not get, the opportunity to do so, it is not going to kill me. In fact, doing so might kill me. But, if, if people ask me to address this, then there does seem to be enough time to catch even my six o'clock flight tonight. But, I am quite happy to spend some of the time, doing what I

25 can, mainly, unfortunately from memory.

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CHAIRPERSON: Dr Young. I think, I am going to have a difficult job, allowing you to give evidence, without having provided us with the statement. You knew all along that you were supposed to be coming today. One would have expected that you would have prepared the  
5 necessary statements. I am going to have serious difficulties of allowing you to try and testify about issues that you have not given us a statement on.

ADV SIBEKO: Do you wish to respond to that?

DR YOUNG: There, there is, unfortunately, the place where I live, at  
10 least. It is called reality. There was no way that I could produce this comprehensive witness statement in the 2 000 hours or so that it has taken me, over the last couple of years, to prepare it, with all its complex references to the source documents, which I have, I have been doing for a considerable period of time. Of course, if I may say, it was not and I  
15 need to put this on the record, it was not incumbent upon me, to prepare my own witness statement. In 2013, in June, I got a letter, which I put onto the record, via means of my submission that the Commission communicated to me, by its leader of research, Advocate Mdumbe that indeed, the Commission was working on my evidence statement. I will  
20 say that my previous evidence leaders Advocate Skinner and Advocate Sibiya insisted that they do my own, my own, well, they did my witness statement and that I would, in legal terms settle. Of course, settle before I signed it, as my own. That only changed on the 25<sup>th</sup> of November last year, when I was visited ...[intervene]

25 CHAIRPERSON: Dr Young, I am going to make a ruling. I am not



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going to allow you to make such long speeches, which are not going to help us. If you want me to, in order to meet you halfway, what I am prepared to do is that you must prepare a very short statement, about the issues that you want to, to traverse and let us have that statement  
5 by next week Wednesday. Then, when you come back for cross-examination, first thing in the morning, we can quickly deal with those things, before, you know, with those issues, before the cross-examination starts.

DR YOUNG: I think ...[intervene]

10 CHAIRPERSON: Will that be good enough?

DR YOUNG: I think, that is a very fair media via, via media and I will certainly endeavour to do so.

CHAIRPERSON: And then, with my suggestion, unless, if at all, there is anybody who has an objection to that?

15 ADV KUPER: None from our side.

ADV TSATSAWANE: No objection from my part.

ADV MDUMBE: I have no objection.

CHAIRPERSON: Thank you.

ADV SIBEKO: No objection from us either.

20 CHAIRPERSON: Thank you. Then, Dr Young, can we have a little short statement, whatever you want to, to prepare, where you can do those issues that you say, you want to, you still want to traverse? And then, we are going to adjourn. We will come back on the 23<sup>rd</sup> of March and your, we will reserve about five days for you. So, you will have  
25 enough time to deal with those few remaining issues. I see here, we will

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be dealing with you, from the 23<sup>rd</sup> to the 27<sup>th</sup> of March 2015. So, what we will do that morning is that we will refer, in the morning we will deal with a few issues that you have, that you want to deal with. Then, from there, we will start with the cross-examination.

- 5 DR YOUNG: Thank you for that. I think, I may say, if I certainly prefer, prepare the statements that I do not think that we will need more than an hour, maybe two, at max. So, we should have the better part of five days, to complete my evidence in total.

- CHAIRPERSON: Thank you. Then, secondly, this venue is not going  
10 to be available on the 23<sup>rd</sup>. Apparently there is going to be a council meeting, during that week. We have made alternative arrangements. The alternative arrangements are that we are going to sit at Centurion Council Chambers, which is at corner Rabie and Clifton streets in Lyttleton. They say it is just opposite Unitas Hospital in Centurion. On  
15 that day, we will start at nine o'clock. I am sure, also I can make sure that, you know, we take the right routes. We do not have complications about accidents and traffic. Yes. Commissioner Musi is saying, we must all try and avoid accidents. Then, two, we are coming back next week on the 16<sup>th</sup>. We are supposed to be sitting on the 16<sup>th</sup>, from the  
20 16<sup>th</sup> to the 20<sup>th</sup> and I see, or are you in a position to help us, on that day, Advocate Sibeko?

- ADV SIBEKO: Chairperson, I, I am not. I believe that Advocate Mdumbe has been making some arrangements with the evidence  
25 leaders, who are scheduled to be commencing with the evidence of the manufacturers. Perhaps, he might be the right person to speak to, in

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that regard.

ADV MDUMBE: The next witness will be a representative of ThyssenKrupp Marine Systems. He is scheduled to give evidence on Monday. Details with regard to the other witnesses will be  
5 communicated to, to [indistinct] on Monday.

CHAIRPERSON: So, what you are certain about is that ThyssenKrupp will be testifying ...[intervene]

ADV MDUMBE: On Monday.

CHAIRPERSON: Oh. On Monday?

10 ADV MDUMBE: Yes, Chair.

CHAIRPERSON: And the venue is still the same venue. We are not going to Centurion. Same venue, we will only be going to Centurion from the 23<sup>rd</sup>. Dr Young, will I be right to say that we will see you on the 23<sup>rd</sup> in Centurion?

15 DR YOUNG: As long as I can avoid all the accidents on the way. I have got a very long way to go. So, I think, it is 300 kilometres other side of Cape Town. So, I would say, only, well, part mainly in jest. But, it is, it is quite an effort to get here. I certainly hope that nothing goes wrong on the way. But, it is my, certainly my intention, doing so.

20 CHAIRPERSON: You are saying you will be travelling 300 kilometres, from where ever you are staying to the airport?

DR YOUNG: That is correct and much of that is on a dirt road as well. So, I say it is quite a mission to get here.

CHAIRPERSON: From what I have gathered, you know, there are  
25 very few accidents in that area. So, you are lucky not to miss your flight.

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**DR YOUNG:** Yes. But, all the accidents there are, actually seem to end in, in people's deaths. So, there are quite a few, actually, not as many, small bumper to bumper accidents, like in Gauteng. We have the serious thing down there.

5 **CHAIRPERSON:** Thank you, then. Okay. We will adjourn until, until Monday.

**(COMMISSION ADJOURNS)**