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

MR GRIESEL: I do.

CHAIRPERSON: Advocate Sello.

5 ADV SELLO: Thank you Chair. Chair, we must comment that we are assured that the view is preferable for the commissioners from the podium and we would like to thank the Commissioners for the indulgence and it enabled us to show the presentation which we think that has gone some way to
10 clarify what otherwise are fairly complex issues and for that we say thank you. Commissioners, when we parted yesterday or when we adjourned Mr Griesel had completed his formal part of his testimony. During the course of giving his testimony an issue arose regarding a meeting of the AAC of the
15 13th of July 1998 and Mr Griesel indicated that he is not aware of a meeting, such a meeting ever being held.

As I indicated yesterday during the course of the hearings a minute was tracked down by the competent staff of the Commission, specifically of the AAC of the 13th of July.
20 This minute is placed before this Commission through this witness for the simple ..., on the basis that Mr Griesel in fact was a part of that meeting on the 13th, that being the case we believe he is the appropriate witness to shed light on some of the issues arising there from.

25 A copy of this minute has been placed before the

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Commissioners, it is not part of the record yet, as in anticipation numbered pages 212 to 228 and it should follow on the last document in the quotation file which currently has two sets of minutes, the second set of minutes start at page 187 and ends at page 211, so this minute of the 13th of July of the AAC will follow therefor. Chair, are you with me? Chair I'm told ... Chair if I may enquire, has the minute been located and do they follow consecutively?

CHAIRPERSON: Thanks a lot, they have been located. Thank you.

ADV SELLO: Thank you Chair, I think Mr Solomon has got some difficulty, if I may just assist him.

ADV SOLOMON: Thank you Chair. We have proposed to insert certain documents for the purposes of re-examination, some of them are extracts from the Defence Review which we have numbered 212 to 216 and then the constitutions of the AAC, AASB and the AACB we have numbered from 217 to 229, we had proposed to insert these in Mr Griesel's bundle, so I wonder if we shouldn't then suggest that what's being introduced now should follow from 230?

ADV SELLO: Chair, ...

CHAIRPERSON: I'm sorry, can I make a suggestion. The ones that we have (indistinct) up to 228.

ADV SOLOMON: Yes Chair, I'm sure that won't be a problem. My attorney is listening and perhaps we can just

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renumber these pages. Thank you.

ADV SELLO: Thank you Chair, we would support that because we think preferably the Evidence Leaders' documents must all be sequential until the last document and then
5 documents introduced in re-examination should start thereafter, otherwise in time to come it might become confusing as to which party introduced what document. Thank you Chair. Mr Griesel, please refer to the minute of the AAC on the 13th of July 1998 which we say is now numbered 212 to 228.

10 Do you have it before you?

MR GRIESEL: I do.

ADV SELLO: Can you confirm that according to this minute you were a part of this meeting by virtue of having been invited as appears on the first page of this minute?

15 MR GRIESEL: Chairperson I do confirm that, yesterday I could not offhand remember the meeting but I was indeed a part of the meeting and it did take place.

ADV SELLO: And just very briefly would you describe or would you explain to the Commission what is contained in this
20 minute?

MR GRIESEL: Commissioner, the special AAC meeting of the 13th of July 1998 from perusing the minutes and refreshing my memory, the presentations were made to the AAC and this was a special AAC which was also attended by the Minister of
25 Trade and Industry and senior officials from the Department of

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Trade and Industry. The presentations were made to the special AAC relating to the progress that had been made on the evaluation of the different projects. A similar presentation was made to the AASB on the 8th of July where the consolidated results of each of the projects were presented to the AAC and also the costed and non-costed option of the LIFT was presented to the AAC. For information purposes, and during this meeting there was also a number of discussions relating to the Defence Industrial Participation associated or the Defence Industrial Participation offers associated with each of the bids that were received.

ADV SELLO: Thank you Mr Griesel. Just to recap from yesterday's evidence you informed the Commission that notwithstanding what is reflected in the confirmation notes of the SOFCOM workgroup of the 1st and 2nd July the so-called non-costed option was not debated or discussed at that SOFCOM meeting, is that correct?

MR GRIESEL: Not that I could recollect Chair.

ADV SELLO: And you testified that following that workgroup session SOFCOM made a presentation to the AASB on the 8th of July 1998.

MR GRIESEL: That is correct Chair.

ADV SELLO: I would like to refer you to the minute of the AASB of the 8th of July 1998 and Commissioners, that will be in the quotation file from page 172. We dealt with this

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minute yesterday and Mr Griesel has confirmed that he was a part of this meeting. Now Mr Griesel, if you refer to page 177 under "Overall Summary" and in particular paragraphs 30 and 31, could you please read those two paragraphs into the record and to the extent that you deem necessary, to explain to us what those paragraphs mean.

MR GRIESEL: Thank you Chair. Paragraph 30 of the minutes of the AASB of the 8th of July which should be on page 177 reads as follows:

10 *"The AASB notes the progress and resolves not to make any pronouncement on what was presented, however, the Minister of Defence and the members of the AAC must be advised of the progress".*

Paragraph 30 reads:

15 *"Arrangements to brief the Minister of Defence on 13th of July followed by a select Cabinet Committee (Deputy President, Minister of Finance, Minister of Trade and Industry, Minister of Defence), briefing on 21st of July are underway".*

20 ADV SELLO: Are we correct to understand therefore that the decision of the AASB on the 8th of July was not to make a recommendation to the AAC at this juncture?

MR GRIESEL: That is correct Chair.

ADV SELLO: Thank you. Could you now refer to the meeting of the AAC of the 13th of July 1998 which is the new

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document we have just introduced numbered pages 212 to 228
Commissioners.

MR GRIESEL: Yes, I have it.

ADV SELLO: Commissioners, have you located the
5 document "AAC Meeting of 13 July" from page 212? Thank you.
These minutes reflect from pages 212 to 218 issues concerning
the various bids, is that so?

MR GRIESEL: That is correct Chair.

ADV SELLO: On a reading of these minutes does it
10 appear that the AAC took any particular decision regarding any
of the bids?

MR GRIESEL: Negative Chair, the AAC did not take any
recommendations and in the minutes it is clear that this was a
briefing for information to the AAC.

ADV SELLO: If you have regard to page 214 under
15 paragraph 9 you will see that that paragraph deals with Lead-in
fighter trainer and it provides for two options, costed and non-
costed.

CHAIRPERSON: Page?

ADV SELLO: Paragraph 9 Chair at numbered page 214.
20 You were a part of this meeting Mr Griesel, you testified that
the AASB did not resolve to make any recommendations to the
AAC. Could you explain to the Commission how the non-costed
option which you had explained was not part of the evaluation,
25 was put up for consideration and briefing to the AAC?

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MR GRIESEL: Chair, in the minutes of the meeting of the AAC of the 13th of July reflect that the results of the evaluation as compiled by the SOFCOM and presented to the AASB were all presented to the AAC for information purposes, similarly the
5 two options for the Lead-in fighter trainer aircraft that were presented to the AASB on the 8th of July were presented to this special AAC meeting as well, indicating the best value scores for each of the bidders in both options, costed as well as non-costed.

10 ADV SELLO: At the time of presentation of the non-costed option to the AAC did the chairman of the AASB or any members of the AASB point out to the AAC that the so-called non-costed option was not part of the deliberations and/or progress of the AASB?

15 MR GRIESEL: It is not clear from the minutes whether it was explicitly indicated that this was not part of the evaluation but there was a discussion regarding the rationale behind the explanation of the costed and non-costed option.

ADV SELLO: I accept that it is not clear from the
20 minutes, from your own personal recollection was such a discussion had?

MR GRIESEL: Chair, from my personal recollection it was not explicitly indicated that this was not a recommendation by the SOFCOM, it also must be borne in mind that the
25 presentation to the AAC, although presented by the co-

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chairman of the SOFCOM was in fact a presentation by the AASB to the AAC.

ADV SELLO: You testified yesterday that the non-costed option table was prepared by yourself at the request of the Chief of Acquisitions, is that so?

MR GRIESEL: That is correct Chair.

ADV SELLO: At the time you prepared that table was it your understanding that it was intended to eventually serve before the AAC?

10 MR GRIESEL: Chair no, the ... I prepared the tables of the consolidated results of all the different products as with the information as presented by the respective teams during the meeting of the SOFCOM of the 1st and 2nd of July. From that the table or the costed option of the LIFT was prepared together with all the others. It was at a later stage that I was requested to prepare an alternative table indicating a non-costed option which would be done by means of excluding the cost from the military value for each of the offers which were received, thus resulting in a best value figure which was different from the best value figure indicated in the costed option.

ADV SELLO: The Chief of Acquisition at the time according to your testimony was the co-chair of SOFCOM, is that correct?

25 MR GRIESEL: That is correct Chair.

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ADV SELLO: And again according to your presentation over the past two days we know that Mr Esterhuyse of ARMSCOR was the other co-chair, is that correct?

MR GRIESEL: That is correct Chair.

5 ADV SELLO: Now when the Chief of Acquisition requested you to prepare a non-costed option was he doing so in his capacity as Chief of Acquisition, as co-chair of SOFCOM or any other capacity that you would like to point out?

MR GRIESEL: Chair, the acquisition requested a number
10 of presentations to be prepared for various reasons in his capacity as co-chairman of the SOFCOM. I did not report to Chief of Acquisition in any other capacity as he was in a different department.

ADV SELLO: Having prepared the non-costed option and
15 given the Chief of Acquisition a copy thereof, did you draw the other co-chairperson's attention to this table and particularly Mr Esterhuyse?

MR GRIESEL: Chair, I believe that Mr Esterhuyse was not in
20 the organisation at that point, he had left very shortly before that time, had departed from ARMSCOR, so I did not draw his attention to it, but I was developing a number of different iterations of tables including more information *et cetera*, for the Chief of Acquisition in his capacity as co-chairman of the SOFCOM. He requested me to prepare another slide which
25 would be titled an Option B or non-costed option for the Lead-

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in fighter aircraft. At the time it was unclear to me as to what the intention of this was, whether it be for information purposes only to indicate certain aspects or whether it would be for decision making purposes, so at that point in time I did not deem it necessary to inform anybody else because I did not know what the intention was with that non-costed option table.

5

ADV SELLO: You state that you did not know what the intention was with that non-costed option. Did the Chief of Acquisition explain to you what the purpose of that was, for that non-costed table?

10

MR GRIESEL: No Chair, the Chief of Acquisition hardly ever explained the purpose of these tables and requested me to make a table with certain information in which I did and then handed it to him.

15

ADV SELLO: When did you first learn that that table you had prepared at the behest of the Chief of Acquisition had made its way into the formal structures of the DOD regarding the evaluations of the bidders?

20

MR GRIESEL: Chair, I attended the presentation that was made to the AASB on the 8th of July where all the tables were presented to the AASB with all the consolidated results of the evaluations which had been done. It was at that meeting where the, both the options, costed as well as non-costed option for the LIFT was presented to the AASB as two different options and that was the first time that I became aware that this was

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now being fed into the formal DOD structure.

ADV SELLO: At that point did you draw the AASB's attention to the fact that the table was generated by you and was not generated for purposes of presentation to the
5 Committee?

MR GRIESEL: No Chair I did not do that, I attended the AASB as an observer and the Chief of Acquisitions had an explanation as to why he was introducing this non-costed option, I did not draw the attention to the fact that I had done
10 it after the fact.

ADV SELLO: For the sake of completeness could you remind us as to what reason the Chief of Acquisition gave for introducing this non-costed option?

MR GRIESEL: Chair, as I indicated briefly yesterday
15 during the meeting of the 8th of July where the results of the evaluation was presented, on the LIFT, the Chief of Acquisition who was the presenter of the consolidated results to the AASB presented a slide with the results from the Request for Information where all the responses to the Request for
20 Information for this aircraft was evaluated and plotted in terms of functionality *versus* cost, so it was a graph indicating the results of each of those evaluations from the Request for Information which indicated the measured functionality of each of those aircraft together with the cost.

25 On that graph it became evident that there were

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two, as they called it at the time, clusters of results which would be a lower cost with lower functionality, group of aircraft, and a group of aircraft which had higher functionality and higher cost. It was on that graph were the functionality
5 threshold was drawn being 65% functionality and all aircraft above that 65% functionality would then make its way onto the shortlist for the Lead-in fighter trainer's best and final offer solicitation.

Above the functionality threshold line were the
10 aircraft which were appearing on the RFO's and all except the Aermacchi MB-369 aircraft were in the higher cost, higher functionality cluster. The Aermacchi aircraft was in that group which had a lower cost but still with a functionality which was above the set threshold. The arguments at the AASB was that
15 it would not be correct to compare the results of all these aircraft on the basis of cost seeing that they fall into two different clusters of cost and that an alternative option was being presented where cost was taken out of the equation to then compare them without the cost and that was the argument.

20 ADV SELLO: Thank you. Please refer to the minute of the 13th of July, the AAC meeting appearing from pages 212, that's the meeting we had been dealing with, in particular at page 214, towards the bottom of that page under paragraph 9 are the results of the Lead-in fighter trainer both costed and
25 non-costed options, do you see that?

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MR GRIESEL: Yes, I do.

ADV SELLO: Overleaf at paragraph 10 is a discussion. Could you read that discussion into the record and then to the extent possible unpack what is stated therein for the Commission.

MR GRIESEL: Chair, paragraph 10 of the minutes of the special AAC meeting on page 215 reads as follows:

“Two consolidated summary evaluations, one of a costed military value and one of a non-costed military value are shown. The need for a non-costed matrix is queried and explained by means of the two clusters of contenders. The Chief of the Air Force highlights the limited operational capability of the more expensive cluster compared to that of the cheaper cluster and the relatively cheaper South African Air Force preference for a training aircraft which will meet the minimum SAAF pilot qualification requirements starting with the ASTRA and stepping up from there. The failure of the Aermacchi is (indistinct) on the grounds of poor performance and poor weapons training is explained. The relatively low IP percentages offered are highlighted. The SAAF evaluation of leasing being non-viable was mentioned. The issue of training pilots in other countries was discussed,

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the SAAF do not recommend foreign training of SAAF pilots. The potential need to solicit more information, particularly in logistic support and engineering management is also highlighted”.

5 Chair, if I may attempt to unpack as been requested, the
second sentence relating to the need for a non-costed matrix
being queried and explained by means of the two clusters of
contenders is the explanation that I tried to give to the
Commission just earlier on, that was the graph indicating the
10 results of the Request for Information evaluations and plotting
the results of cost and functionality. During this meeting the
need for this argument was queried and the need for the non-
costed option was queried and the same presentation or
reasoning behind the non-costed option being introduced that
15 was presented to the AASB was again presented to the AAC.

The sentence after that where the Chief of the Air
Force highlights the limited operational capability of the more
expensive cluster relates to the argument which were also
discussed yesterday Chair, that being that the aircraft falling in
20 the higher functionality and higher cost cluster were all aircraft
which would have certain capabilities beyond that of a trainer
aircraft, so the limited operational capability which is being
referred to in the minute refers to those capabilities being
operational capabilities over and above that of being a trainer
25 aircraft, which those aircraft would have.

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The Chief of the Air Force reconfirmed the same argument as I presented to the Commission yesterday that the limited operational capability that those aircraft have do not form part of the evaluation and that the Air Force requirements would be met by the Aermacchi aircraft being a trainer aircraft. The argument again is that the aircraft are being evaluated in terms of the role for which the requirement exists and in this case the requirement existed for an aircraft to be used as a trainer aircraft and no additional score would be allocated to aircraft which had capabilities beyond that which was required for a training aircraft. Does that suffice?

ADV SELLO: Thank you very much Mr Esterhuyse.

MR GRIESEL: No, not Esterhuyse.

ADV SELLO: I do apologise. I apologise Commissioners and I apologise to Mr Griesel. I referred to him as Mr Esterhuyse, he definitely is not and I apologise to Mr Esterhuyse as well. Thank you Mr Griesel for that explanation. While se are on that document the minute of this particular meeting ends at page 216, is that correct?

MR GRIESEL: That's correct Chair.

ADV SELLO: From halfway page 216 those are minutes of a different meeting.

MR GRIESEL: That is correct Chair.

ADV SELLO: Considering what's contained in pages 212 to 216 can you advise what the decision of the AAC was in

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regard to the evaluations and the bidders?

MR GRIESEL: Chair, as stated previously this minute was
or this meeting was an information brief to the two ministers
and to the AAC, no decision was made in this meeting and if I
5 may refer the Commission to page 215 and specifically
paragraph 13 under "Discussion" it is stated there under
"Status" that the chairman emphasises that this is an initial
report and that the process must continue, the ministers must
be briefed on the IP business plans after which more guidelines
10 will be given, further gathering of information e.g. for the LIFT
is supported, so this just confirms the fact that this was an
information brief to the ministers and that no decisions were
taken at this particular point.

ADV SELLO: So, the Commission can accept that as at
15 the 13th of July the AAC had not made any decision regarding
the preferred bidders?

MR GRIESEL: That is correct.

ADV SELLO: I would like to refer you to the next minute
then which is the minute of the AASB of the 16th of July 1998,
20 Commissioners that will be from pages 187 to 211 in the
quotation file. We previously dealt with this minute and we
intend to touch on it today very briefly. Mr Griesel, you are on
record having confirmed this minute and the fact that you were
a part of ...

25 MR GRIESEL: That is correct.

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ADV SELLO: Thank you. Regarding the decision as to which bidders to recommend did this particular meeting make ...

CHAIRPERSON: I'm sorry Advocate Sello, which page are you referring to?

5 ADV SELLO: It starts from page 187 to 211 Chair and just to correct myself Mr Griesel was not part of this meeting, he pointed out yesterday.

CHAIRPERSON: Okay.

ADV SELLO: Mr Griesel, you have considered this
10 minute before and you may take another minute to do so. In light of what is reflected in that minute could you say that the AASB at this particular meeting took a decision regarding recommendation of bidders to the AAC?

MR GRIESEL: Chair, as I was not at the meeting but from
15 perusing the minutes there was no clearer statement in the minutes that a recommendation would be forwarded to the AAC post this meeting, this was a regular AAC meeting which also discussed other issues beyond the SDPP's, the first section of this meeting related to specifically the LIFT aircraft, there was
20 no further discussion relating to any of the other projects or other equipment types, there was some feedback given to the AASB relating to the questions posed during the previous AASB meeting of the 8th but there was no resolution that the AASB would then recommend the preferred bidders any further than
25 that.

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ADV SELLO: On the basis of these three minutes, these three set of minutes would it be correct for the commissioners to accept that as at the 16th of July 1998 neither the AASB had made a decision regarding the bidders for recommendation, nor had the AAC itself made any decision regarding these bidders?

MR GRIESEL: Chair, from the two meetings that I did attend there was certainly no decision to recommend beyond those forums and from perusing the minutes of the AASB of the 16th I could not find any indication that this meeting would recommend that to any further forums, that's correct.

ADV SELLO: Thank you Mr Griesel. Just to retrace our steps and clarify a point I just raised with you I had asked whether you had shared the non-costed option table with Mr Esterhuysen in his capacity as co-chair of SOFCOM and you indicated that he had left the employ of ARMSCOR by then, is that so?

MR GRIESEL: I believe that he did, I will have to confirm but I believe that he was not in ARMSCOR employ any longer, although ... I must correct that he did, I believe attend the meeting of the AAC but whether he was still in ARMSCOR employ at that point in time I cannot recollect.

ADV SELLO: And in fact he not only attended the AAC meeting of the 13th of July, he attended the AASB meeting of the 16th of July and in both minutes he is noted as representing ARMSCOR, is that correct?

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MR GRIESEL: That is correct, it is minuted as such. Mr Esterhuysen confirmed to me earlier on that he was not in the employ of ARMSCOR any longer but from the minutes it is evidence that he was, it was minuted that he represented
5 ARMSCOR.

ADV SELLO: So, if he had left the employ of ARMSCOR by then the role that he played and the capacity in which he attended this meeting is a matter to be clarified with him.

MR GRIESEL: That is correct.

10 ADV SELLO: Thank you Mr Griesel. Commissioners, that is the evidence of this witness.

CHAIRPERSON: Is there any person who wants to cross-examine Mr Griesel? In the absence of anybody who wants to cross-examine, any re-examination? Okay.

15 MR CHOWE: Mr Isaac Chowe from the State Attorney on behalf of the DTI. Commissioners, we only request indulgence just for a clarification question, maybe two or three, it's not cross-examination, I must be clear, it's just the clarification of two issues with Mr Griesel Commissioners, just clarification,
20 it's not cross-examination.

CHAIRPERSON: Mr Chowe, I'm sure you are aware of our regulations.

MR CHOWE: Indeed Chair.

CHAIRPERSON: At what stage should one allow people to
25 ask questions saying that it's not cross-examination but that

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it's only a seeking clarification?

MR CHOWE: We do understand the rules in as far as that is concerned Commissioners, and we would then request that we may take it up with the legal representatives of Mr Griesel and the relevant Evidence Leaders and we'll leave it at that.

CHAIRPERSON: Mr Chowe, I've discussed it with my co-commissioner and he seems to of the view that we should allow you to seek clarification even if it's not cross-examination.

MR CHOWE: I'm indebted to the commissioners, thank you so much Commissioner. Mr Griesel, only just two issues. The first issue regards to the project teams which were involved in the evaluation, can you maybe remember in as far as your involvement is concerned the, I have seen that you have mentioned names of for instance people from the DTI that were on the NIP project side, do you remember whether all those people mentioned there, they were at all times present during the evaluation?

MR GRIESEL: Chair I would certainly not be able to answer that question as the evaluations all happened as individual teams. I was not present at any of the evaluations that were being conducted, so I would not be in a position to indicate whether those people were at all times involved during the evaluation. It must be remembered that these evaluations, there were 11 teams performing evaluations simultaneously and

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they did that in silos separate from each other, so I was not involved at all in any of those, so I cannot comment on it.

MR CHOWE: Thank you Mr Griesel. Then just one other question. It is common cause that the International Offers
5 Negotiating Team was the one who negotiated the umbrella agreement and the annexures thereto, do you maybe know as far as your recollection can stretch whether any of the project teams also made inputs on the final draft of the umbrella agreements?

10 MR GRIESEL: Chair I cannot give you a definite answer but I know there was regular interaction by necessity between the members of the IONT and specifically those representatives on the IONT representing the different domains were for example there the-then CEO of ARMSCOR was heading up the
15 technical and DIP domain, there was also a representative from Department of Finance and from the DTI. There was regular interaction between them and the technical teams because the technical teams were negotiating the technical supply terms which would be affected by the quantities, by the available
20 cost, so the interaction between the IONT and those teams did happen at a regular interval to ensure that there would be alignment between the negotiations which were happening in parallel but whether there was specific negotiations or interaction between the National Industrial Participation teams
25 and their representative on the IONT I cannot, I cannot confirm

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that.

MR CHOWE: Thank you Mr Griesel. Commissioners thank you so much, I'm really indebted. Thank you for allowing me the clarification questions. Thanks.

5 CHAIRPERSON: Thank you. Any re-examination?

ADV SOLOMON: With your leave Chair and Commissioner Musi I would like to address a few issues that I feel will be of assistance to the Commission. Just from a logistic point of view I'm awaiting my attorney to prepare and have paginated and punched so we can insert them in your files and in the Evidence Leaders' files essentially two series of documents, the one is an extract from the Defence Review, certain sections and passages from the Defence Review which we consider Mr Griesel can be of help to the Commission, and the second is the constitution of the three bodies that I referred to earlier on which I think Mr Griesel can deal with and it can also be of some assistance to the Commission.

It also strikes me, which I don't think my instructing attorney has yet copied, that there is the minute of the Steering Board meeting which gave rise to the adoption of the constitutions of the three bodies, which I think should also be inserted in the bundle but so as not to waste time if I could just continue and as and when the documents are ready we'll, with your leave Chair and that of Commissioner Musi, hand up at the appropriate time.

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CHAIRPERSON: Can I make a suggestion. I think I'm going to adjourn for 20 minutes in the meantime and you can attend to the copying and paginating of papers so that once we start we have got all the documents.

5 ADV SOLOMON: Thank you Chair, I think that's totally in order.

CHAIRPERSON: And we'll adjourn for 20 minutes and in the meantime can those who are supposed to place the documents in our files do that. Thank you, we'll adjourn.

10 **(Commission adjourns)**

(Commission resumes)

ADV SOLOMON: Thank you Chair and Commissioner Musi for the indulgence. We have hopefully by now placed in the correct sequence the documents that I just wanted to refer to in re-examination and then with your leave if I could commence with the re-examination of Mr Griesel.

15

RE-EXAMINATION:

ADV SOLOMON: Mr Griesel, I want to just take you through volume 2 of the two volumes that you have submitted. Perhaps Chair and Commissioner Musi we should confirm that Mr Griesel is still under his oath.

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MR GRIESEL: I do.

CHAIRPERSON: Thank you.

ADV SOLOMON: Thank you Chair. Mr Griesel, if we could just get some type of chronology with regard to the various

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policy documents that were in force before and during the SDPP acquisition. I'll just deal with the first document in file 2 bundle 2, it's VB-1000, it's at page 32, and would you confirm from the foot of that page that the implementation date of VB-
5 1000 was 20 April 1994?

MR GRIESEL: Yes Chair I can confirm that, 20 April 1994. I can confirm that the implementation date of VB-1000 is the 20th of April 1994.

ADV SOLOMON: Then if we look at the same page, the title
10 page we see that VB-1000 which you have said in your evidence in chief wasn't really giving effect to joint policy of the DOD and ARMSCOR but it was designed as a general policy for the management of Category 1 Matériel acquisition process, is that correct?

15 MR GRIESEL: That is correct Chair.

ADV SOLOMON: And I understand from earlier evidence that Captain Jordaan has indicated what Category 1 Matériel acquisitions are.

MR GRIESEL: Yes, I assume that Captain Jordaan did in
20 his testimony indicate what this Category 1 Matériel is, that is matériel not commercially available.

ADV SOLOMON: Then the next document I'd like to draw your attention to is at page 91, it's KB-1000 and would you confirm that the implementation date of that ARMSCOR policy
25 was 1 May 1995?

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MR GRIESEL: Yes Commissioner, I confirm the implementation date of the KB-1000, the ARMSCOR policy on acquisition was the 1st of May 1995.

5 ADV SOLOMON: And if we look further to the title page we see that KB-1000 was dealing in general terms with ARMSCOR's Acquisition Policy.

MR GRIESEL: That is correct Chair.

10 ADV SOLOMON: Then the next document in that bundle which deals with Acquisition Policy is APROC-097 at page 104 and would you confirm that the implementation date of that document was 1 November 1997?

MR GRIESEL: I confirm Chair, APROC-097 which is the practice for the selection of contractual sources, the implementation date being the 1st of November 1997.

15 ADV SOLOMON: And if we again look at a summary of the document and what its purpose was, it was to establish the practice for the selection of contractors in a multisource offer, is that correct?

MR GRIESEL: I confirm Chair, that is correct.

20 ADV SOLOMON: Would you indicate to the Commission your understanding of a multisource offer?

25 MR GRIESEL: Chair, a multisource offer would be where offers are solicited from more than one prospective bidder and you would then need to have a method in place to evaluate the offers received from the multiple prospective bidders to

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eventually arrive at a preferred bidder.

ADV SOLOMON: Thank you Mr Griesel. Then the last document I want to refer to which comes the earliest in time but it's at the back of the file, is KP-021 which is at page 185.

5 Would you confirm the implementation date as 1 June 1993?

MR GRIESEL: I confirm Chair that the KP-021 is the practice for the request of proposals, quotations, submissions and orders and the implementation date being the 1st of June 1993.

10 ADV SOLOMON: Thank you Mr Griesel. Then if we go to the other file which is Griesel-1 there are further documents that had been referred to and may be important. Just to get the chronology right I'm referring to page 46 and following of bundle 1, and I'm referring you to paragraph 2 of that document. We see that the origin and date of this DOD policy directive MOD Policy for dealing with the international defence equipment offers in the MOD, that that was planning directive CLDWPNS/R/302/6/B dated 2nd July 1997. Do you confirm that?

15 MR GRIESEL: I confirm Chair that this is the DOD policy directive for dealing with international defence equipment offers, origin and date, the date being the 2nd of July 1997.

ADV SOLOMON: And then from paragraph 1 of that document there's reference to Appendix "A" which is described as the policy decision:

25 And then from paragraph 1 of that document there's reference

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to Appendix "A" which is described as the policy decision:

"The process whereby international government-to-government defence equipment offers are dealt with in the Department of Defence and ARMSCOR is to be in accordance with this policy directive which includes the MOD policy in Appendix 'A'".

And we find, would you confirm Appendix "A" which runs from page 49 to 52?

MR GRIESEL: I confirm that Chair Appendix "A" runs from page 49 to 52.

CHAIRPERSON: I'm sorry, can we go back to the document which appears on page 46, I missed the date Sir, MOD policy for dealing with international defence equipment offers.

MR GRIESEL: Chair this is policy, the DOD policy directive MOD policy for dealing with international defence equipment offers in the DOD and the implementation for the date of origin is the 2nd of July 1997 and that date would appear in paragraph 2 on page 46.

ADV SOLOMON: Thank you Chair. I just also want you to confirm the evidence has been given by Captain Jordaan but just to get the chronology of MODAC-1, 2 and 3. According to Captain Jordaan MODAC-1 was approved by the Steering Committee on the 2nd February 1995, can you confirm that?

MR GRIESEL: Chair, I do not have the document before me but as far as I can recollect that is the date of

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implementation or date of MODAC-1.

ADV SOLOMON: Thank you Mr Griesel. Then in a similar vein MODAC-2 was approved on the 26th of February 1995, would you ...

5 CHAIRPERSON: I'm sorry, I'm not quite sure what is the purpose of this type of questioning, the witness says that: "I don't have the documents", he doesn't have the documents in front of him, so basically you are just telling him to confirm what other people have said, he has got no independent
10 knowledge of what he is saying. I'm not quite sure what purpose will this type of questioning serve.

ADV SOLOMON: Yes Chair, we know the evidence has been led and Mr Griesel can just indicate to the Commission whether he agrees with those dates that were furnished by Captain
15 Jordaan. If he's unable to confirm then I agree with you but if he is able to confirm that he has no quibble with Captain Jordaan's evidence in that regard I think it's important just to get the chronology for the purposes of the re-examination.

CHAIRPERSON: Sorry, if it's on the purpose of putting
20 those questions to him is to prepare grounds for re-examination tell him exactly what the witnesses have said because we do have those documents, the evidence is already before Commission.

ADV SOLOMON: Thank you Chair.

25 CHAIRPERSON: Thank you.

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ADV SOLOMON: Well Mr Griesel, the evidence of Captain Jordaan has been that MODAC-1 which you have not had a quibble with, was approved on the 10th February 1995, MODAC-2 on the 26th of September 1995 and MODAC-3 on 31 May 1996.

5 Would you accept that evidence?

MR GRIESEL: Without having documents in front of me I accept that if it is already in front of the Commission, that it should be correct.

ADV SOLOMON: Then the next document I would like to just
10 bring to your attention ... Chair, we have inserted an extract from the Defence Review which we have been inserted as page 229 to page 233 of Griesel-1, it's an extract of Chapter 13. Just for the purposes of the Commission I'll ask Mr Griesel to confirm that the South African Defence Review was approved
15 by Parliament on April 1998 and I'll hand in the Defence Review of which these documents are an extract.

MR GRIESEL: Chair yes, I confirm that the South African Defence Review was approved by Parliament in April 1998.

ADV SOLOMON: Now if we could just look at pages 229 and
20 following; and for the benefit of the Commission we could go to the chapter dealing with Acquisition Management Policy. Paragraph 31, would you read the second sentence before "Role Players" and then comment on it to the end of that sentence.

25 MR GRIESEL: Chair, on page 229 which is an extract

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from the Defence Review paragraph 31 the second sentence reads:

5 *“The four role players involved in Armaments Acquisition are the Minister of Defence, the Secretary for Defence, the Chief of the National Defence Force and the Chairman of ARMSCOR. They are partners and the decision making at all levels allows for the viewpoints of the four partners. ARMSCOR will be the acquisition agency of the DOD. Control bodies in the process allow for participation by nominated members of the partnership”.*

10

ADV SOLOMON: Now the policy that is described in Chapter 13 both in paragraph 31 and following, had that policy been albeit not approved by Parliament, had that policy been applied by the DOD prior to this date?

15

MR GRIESEL: I can confirm yes Chair, in respect of the structures which are contemplated in the Defence Review being DOD structures resorting under the Secretariat for Defence, those were also the structures that were contemplated in the MODAC-1 report and specifically being the AACB which is the Armaments Acquisition Control Board, the AASB, the Armaments Acquisition Steering Board and the AAC being the Armaments Acquisition Council.

20

25 ADV SOLOMON: Thank you Mr Griesel. Then paragraph 32,

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would you read the first sentence of that under the heading
“The Role of the MOD and the DOD HQ”?

MR GRIESEL: Paragraph 32 reads:

5

*“The ultimate political authority and responsibility
for the acquisition function rests with the Ministry
of Defence”.*

ADV SOLOMON: Then if you could go to paragraph 34 and
read the first three sentences thereof?

10

MR GRIESEL: The first three sentences of paragraph 34
reads:

15

*“The Secretary for Defence is responsible for
ensuring that all acquisition activities are executed
within national objectives, policies and constraints.
The Secretary is furthermore primarily responsible
for high level programming and budgeting and in-
year control and auditing of defence expenditure
and also for interdepartmental and political and
industrial coordination. The Secretary is the
accounting officer of the DOD”.*

20

ADV SOLOMON: Perhaps you could just complete the last
sentence, I’m sorry.

MR GRIESEL: The last sentence would then be:

25

*“The Secretary will perform such duties and
functions as may be necessary for civil control of
the defence acquisition function and to enhance*

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parliamentary and ministerial control over SANDF acquisition programmes”.

ADV SOLOMON: Then paragraph 35, if you would just deal with the DAPD and the post of Chief of Acquisition and how that chain of command operated.

MR GRIESEL: Chair, paragraph 35 reads:

“The departmental Acquisition and Procurement Division (DAPD) consists of an HQ Division responsible for specialist acquisition/procurement to ensure the acquisition of equipment and services on behalf of the DOD. The chief of DAPD and his support staff are responsible for directing and coordinating all acquisition and procurement activities between the arms of service and ARMSCOR. DAPD serves as a single nodal point between DOD and ARMSCOR. Chief of the DAPD is the process leader for acquisition and procurement of Category 1 and Category 2 items within the DOD. The Chief of Acquisition is also the chief policy advisor to the head of the DOD on acquisition matters and reports to the Secretary for Defence”.

ADV SOLOMON: And then paragraph 36?

MR GRIESEL: Paragraph 36 reads:

“ARMSCOR is the acquisition agency of the DOD responsible for professional programme

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management and the drafting of tender documentation for the contracting of industry on behalf of DAPD during the execution of armaments and acquisition programmes. This is in order to ensure that technical, financial and legal integrity in contract management is in accordance with DAPD requirements. The DOD and ARMSCOR will jointly oversee industrial development of the industry in order to support DOD acquisition programmes”.

5

10 ADV SOLOMON: Now this civil oversight of acquisitions and procurement you say had been implemented prior to the date of, and approved by Parliament of this Defence Review, can you just indicate to the Commission for example what role the Secretary of Defence played and the Chief of Acquisition in this
15 exercising of civil control.

MR GRIESEL: Chair, the DAPD acted as an intermediary between the armed forces in the arms of service and ARMSCOR and as is stated in the document in the paragraphs which I just read they act as nodal point. What that in effect means is that
20 they are the point of contact for ARMSCOR and they are the channel through which all requirements from the respective arms of service would be channeled to ARMSCOR for acquisition or procurement at that stage. Within the Secretariat for Defence where the DAPD resided the budget is
25 also held, so all acquisition activities are, or work coordinated

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within the DAPD environment once the required approvals had been obtained, the financial authorities would be issued from the budget which was controlled by the DAPD and by the Secretariat for Defence, they then authorised the financial
5 authorities which would allow ARMSCOR to continue with contracting of industry to meet the specific requirements that existed.

ADV SOLOMON: Thank you Mr Griesel. From an ARMSCOR point of view how was the role of the Chief of Acquisition
10 viewed in the sense of the chain of command and the authority that that office held?

MR GRIESEL: Chair, if I understand the question correctly the Chief of Acquisition represented the requirements stated, in other words they would be the interface to
15 ARMSCOR, requirements that needed to be executed by ARMSCOR would be channeled through the office of the Chief of Acquisition. Would that suffice?

ADV SOLOMON: Yes, that suffices Mr Griesel. We know that in your earlier evidence you indicated that the non-costed
20 option that was prepared by yourself was on the instruction of the Chief of Acquisition at the time, is that correct?

MR GRIESEL: That is correct Chair.

ADV SOLOMON: Then if we could just move on to page 231, we don't need to read it out but in paragraph 42 there is
25 reference to the approval structure for project submissions and

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consists of three levels, perhaps you can just look at that yourself and just indicate to the Commission what was being dealt with in paragraph 42.

MR GRIESEL: Chair, in essence paragraph 42 deals with
5 the approval structures for the milestone documentation. In the milestone documentation which was indicated previously in my presentation are those milestone documents and level 6 of the acquisition process and I believe that in Captain Jordaan's testimony he also indicated the approval levels for the
10 respective milestones, those milestones being the milestones which start with the Staff Target moving through the Staff Requirement Project Study Report and so forth.

The paragraph indicates the three main structures or approval structures for the respective milestone documents
15 of which the lowest would be the AACT, the Armaments Acquisition Control Board chaired by the Chief of Acquisition at the time, the AASB being the Armaments Acquisition Steering Board chaired by the Secretary for Defence and the highest approval authority would be the AAC being Armaments
20 Acquisition Council chaired by the Minister of Defence.

Depending on the milestone document and whether it's a cardinal or non-cardinal programme those milestone documents could either be approved at the level of the AACB or
at the AASB con recommendation from the AACB, or in the case
25 of cardinal programmes, for example the Staff Target and

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acquisition plan would be approved by the AAC on recommendation of the AASB.

ADV SOLOMON: The last sentence of that paragraph, would you just read it out and then comment on it.

5 MR GRIESEL: The last sentence of paragraph 42 reads:

“The present constitutions of the above forums will have to change to reflect the new participants of the newly structured MOD and the DOD HQ”.

ADV SOLOMON: Was that done to your knowledge?

10 MR GRIESEL: Yes Chair, the constitutions of those bodies were amended to reflect the structures eventually. The and this is with reference to the DAPD which now forms part of the process (indistinct) the-then Chief of Acquisition, to the head of DAPD and also the chairman of the AACB. The
15 constitutions of those bodies had to be changed to reflect the instructions as contemplated in the MODAC-1 and subsequently also in the Defence Review.

ADV SOLOMON: If we could go to page 240A, it comes after page 240 of the bundle, we have minutes of an AASB meeting
20 on the 21st of, it seems November 1996, and over the page at 240C we have a document signed by the-then Minister of Defence, it's March, dated March 1997 and it refers to various appendices, the Armament Acquisition Council constitution and rules, the Armament Acquisition Steering Board constitution and rules,
25 and rules and the Armament Acquisition Control Board

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constitution and rules and then finally D, "Guidelines against which the AASB assess Armament and Technology Acquisition (indistinct)". We've referred to the Armaments Acquisition Control Council as AAC and the Armament Acquisition Steering Board as AASB, and the Armament Acquisition Control Board as the AACB, is that correct?

MR GRIESEL: That is correct Chair.

ADV SOLOMON: If we go to paragraph 3 would you just indicate when the establishment of these forums were approved by the Minister of Defence?

MR GRIESEL: Chair, the establishment of the management forums was approved by the Minister of Defence on the 26th of September 1995.

ADV SOLOMON: Then if we move on and just look at 2.41 or 2.41 there is again the, again across to 2.2 we have the constitution of the AACB, is that correct?

MR GRIESEL: That is correct Chair.

ADV SOLOMON: Would you just indicate what is contained in paragraph 2A thereof?

MR GRIESEL: Chair, at paragraph 2A of page 242 reads:
"Civil control and oversight is executed by the Secretary for Defence who is responsible for ensuring that all acquisition is executed in accordance with national objectives, policies and constraints".

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ADV SOLOMON: Then ...

ADV SELLO: Apologies Advocate Solomon. Chair, just for clarity the document we've just been referred to at page 242, I wanted to find out if page 241 is a part thereof and the reason for my question is if it is the draft AACB constitution as presented is dated the 11th of February 2000 and this AACB document is effective almost two years beyond the period the witness and I discussed and in that light I would like to appreciate its relevance.

5
10 ADV SOLOMON: Perhaps Mr Griesel you can just look at page 240D paragraph 6a and b, would you just indicate to the Commission when these, the commencement of these bodies occurred?

15 MR GRIESEL: Chair, on page 240D which is a part of the armament acquisition management system implementation instructions paragraph 6a indicates date of commencement 1 April 1997.

ADV SOLOMON: And then paragraph b?

20 MR GRIESEL: Paragraph b reads Date of Revision 1 April 1998.

ADV SOLOMON: Then if you could just go to the document that learned friend Sello referred you to, it's, Commission it's page 403, it was handed up as an extract from Captain Jordaan's bundle, it's not, it hasn't been placed in your bundle, I don't know if you still have it Mr Griesel and I'm not sure if

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the Commission still has it but it was dealt with yesterday.

CHAIRPERSON: I'm sorry, which document are you referring to now?

ADV SOLOMON: Mr Chair it's headed "The MODAC
5 Investigation of Technology and Armament Acquisition in the
Department of Defence" document dated 8 August 1996 and it
starts at page 403. It was dealt with yesterday in Mr Griesel's
evidence in chief and it was handed to us by the Evidence
Leaders and referred to and handed to yourself Chair and
10 Commissioner Musi.

CHAIRPERSON: Thank you, I do have the document. Thank
you.

ADV SOLOMON: Thank you Chair, I'm indebted to you.
That document was put to you by the Evidence Leader Ms Sello
15 dated, if you look at 404 8th August 1996 and it contained the
constitution of the AAC, that's at page 440, the AASB at 42 and
then the AACB at 444, is that correct?

MR GRIESEL: That is correct Chair.

ADV SOLOMON: Perhaps if Ms Sello is more comfortable
20 dealing with this document rather than the document that we've
introduced, because there seems to be some concern about its
adoption in 2000, do you, can you confirm when to your
knowledge these bodies were first established and constituted?

MR GRIESEL: Chair, the bodies referred to in the
25 document being the AACB, AASB and AAC, I would not be able

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to give the Commission an exact date of the first meetings of any of these bodies but as far as my recollection goes it was circa end 1996, beginning 1997.

ADV SOLOMON: Just to put the issue beyond doubt, at the
5 time when the SDPP's were being dealt with were these bodies in existence and operating?

MR GRIESEL: That is correct Chair, and it is also borne from the fact that we have minutes of meetings of these specific bodies during the period of the SDPP's.

10 ADV SOLOMON: I'm going to refer you to one of the minutes of the meetings that were referred to of the AASB where it refers to amending or adopting parts of the constitution and I don't think for the purposes of this re-examination one needs to get too bogged down in exactly when
15 the constitutions were amended or implemented but for present purposes just go to page 440, if we look at the AAC would you just read out under "Role" what its role was?

MR GRIESEL: Chair, on page 440 related to the constitution of the Armament Acquisition Council, AAC:

20 *"The role of the Armament Acquisition Council is to act as the highest joint level (Level 1) management group of the armaments acquisition. This AAC ensures that armaments acquisition is carried out in terms of policies and procedures and oversees the*
25 *lower level activities".*

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ADV SOLOMON: We see that the chairperson was the Minister of Defence, it seems to have been with, not counting the secretary it was initially established as a five member body under the chairmanship or chairpersonship of the Minister of Defence and it had ARMSCOR's managing director as a member. Was this essentially a MOD functionary and body?

MR GRIESEL: Chair, I would assume that seeing that the Minister of Defence is the chairman that this would be a Ministry of Defence body.

ADV SOLOMON: If we go over the page: "The Secretary was to be supplied by the Secretary of Defence, do you see that?"

MR GRIESEL: That is correct Chair.

ADV SOLOMON: And then under the "Functions" you've got a heading "Chairmanship" in the absence of the Minister of Defence, in the absence of the Minister of Defence it was the Deputy Minister who would act as the chairperson, is that correct?

MR GRIESEL: That is correct Chair.

ADV SOLOMON: Then over the page at 442 under "Authority" would you just read that out, it's the third paragraph.

MR GRIESEL: Chair on page 442 the paragraph relating to "Authority" reads:

"The Ministry of Defence has the final authority on all acquisition matters and has the right to refer

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decision on acquisition programmes to Cabinet level”.

ADV SOLOMON: Thank you Mr Griesel. Then if we could go to the constitution of the AASB, would you just read out what the role of the AASB is for the benefit of the Commission.

MR GRIESEL: Chair on page 442 under the heading “Constitution Armament Acquisition Steering Board (AASB)” the role is defined as:

“The role of the Armaments Acquisition Steering Board (AASB) is to act as a lower joint level (Level 2) management forum (external to the arms of service)”.

On armaments acquisition:

“The AASB ensures that armaments acquisition is carried out in terms of policies and procedures and oversight lower level activities”.

ADV SOLOMON: Now if my arithmetic is correct if we go through the composition, at that point in time there were eight members of that committee, ARMSCOR was entitled to be represented by three out of the eight and who was the chairperson of that committee, under whose auspices did that committee operate?

MR GRIESEL: Chairperson, it was the Secretary for Defence.

ADV SOLOMON: Then if we look at the chairmanship at

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page 443, about the fourth last paragraph, in the absence of the Secretary of Defence who was to be the chairperson, chairman?

MR GRIESEL: Chair in the absence of the Secretary of Defence the DDG which is the Deputy Director-General Defence Policy Programme and Budget will act as chairperson.

ADV SOLOMON: Thank you Mr Griesel. Then if we could just move on to 444 dealing with the constitution of the AACB, would you just indicate and read out what the role of that body was?

MR GRIESEL: Chair on page 444 the role of the Armaments Acquisition Control Board reads:

“The role of the Armaments Acquisition Control Board (AACB) is to control the flow of acquisition submissions to level 2 and 1. The AACB review and approve programmes and approve programme amendments on all programmes within the prescribed delegation structure indicated in figure 1”.

ADV SOLOMON: Then if my arithmetic is correct at that point in time it was going to be a 10-man body of which ARMSCOR were entitled to appoint two individuals. Who was the chairperson of that body?

MR GRIESEL: Chair, the chairperson was the Chief of Staff Logistics.

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ADV SOLOMON: And by whom is the Chief of Staff Logistics employed?

MR GRIESEL: Chair of Staff Logistics was employed by the Department of Defence, the SANDF.

5 ADV SOLOMON: And then on page 445 the chairmanship in the absence of the Chief of Staff Logistics, would you indicate to the Commission who would be appointed?

MR GRIESEL: Chair the document states in the absence of the Chief of Staff Logistics he will appoint a chairperson.

10 ADV SOLOMON: Thank you. Now won't you just return to the Defence Review document that you were reading from because you had dealt with the establishment of these three bodies, the AAC *et cetera*, would you just go to page 233 and read paragraph 71 under the heading "Tender Adjudication Value Analysis", 233, mine's a bit cut off on the right hand
15 side, it's the document before page 234.

MR GRIESEL: Chair page 233, paragraph 71 reads:

"All tender adjudication for armaments will be based on the value analysis methodology and procedures. This value analysis methodology and procedures will be formulated jointly by members of the DOD (DOD Acquisition Division) including ARMSCOR and organised industry. The value analysis system per project must be approved and supported by the Secretary for Defence and DAPD. The value
20
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5 *analysis system should not be used to exclude
previously disadvantaged contractors and should
not limit national strategic considerations which can
override technical performance parameters. This
value analysis system must be above reproach and
should not be a subjective analysis”.*

ADV SOLOMON: Now how did you understand this to
reconcile with ARMSCOR’s policy in relation to APROC-097?

10 MR GRIESEL: Chair, ARMSCOR’s policy which was valid
at the time indicated that ARMSCOR would be responsible for
the generation of value systems, that ARMSCOR would be
responsible for the signing off of the evaluation reports and
that it allows for participation on the evaluation teams of
members of the DAPD. So, at that time although the Defence
15 Review indicated that the responsibility for the approval of the
value systems reside with the Secretary for Defence the
ARMSCOR policies and practices still provided for ARMSCOR to
be responsible for that.

20 ADV SOLOMON: In that sense was there a certain area of
tension between the two spheres of authority?

MR GRIESEL: Yes Chair, there was indeed some tension
with regards to who would be responsible for what during the
execution of this process, that is correct.

25 ADV SOLOMON: Then a document that we referred to
earlier on I would like to return to, which is the Policy

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Directive 4/147, also it's at page 46, it's also described as this long reference number CLDWPN. The reason I'm focusing on that is it becomes important when we look at the constitution of the SOFCOM and some of the problems that were raised by the Chair and Commissioner Musi in regard to SOFCOM, but if we could just return to that document and if I could take you to page 49 the heading of the document is "MOD Policy for dealing with International Defence Equipment Offers in the MOD".

5
10 CHAIRPERSON: I'm sorry Sir, I'm just trying to get hold of the document, can you tell us where that document is to be found, maybe before you start reading it maybe let's first get hold of the document.

ADV SOLOMON: Sorry Chair, I incorrectly assumed you were with me. We are in volume 1, Griesel-1 and page 49. Are we on the same page? Apologies, let's just look then again, the document is headed "MOD Policy for dealing with International Defence Equipment Offers in the MOD". Is that correct?

20 MR GRIESEL: That is correct Chair.

ADV SOLOMON: Would you read the first three paragraphs of that document?

MR GRIESEL: Chair, the first two paragraphs under the heading "Introduction" reads:

25 *"Several international defence equipment offers had*

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5 *been presented to the MOD and others have been proposed. These international defence equipment offers fall outside the scope of existing Acquisition Policy and specific policy for such international defence equipment offers have to be established”.*

The third paragraph falls under the heading (indistinct) and it reads:

10 *“To provide MOD policy guidelines and management procedures for dealing with foreign initiated international government-to-government defence equipment offers relating to armaments acquisition for the SANDF and are to be integrated with an interdepartmental coordinating and decision making structure”.*

15 ADV SOLOMON: Now if we just pause for a moment we see that it’s referring to the “international defence equipment offers”, I take it that was a reference to the SDPP’s at the time.

MR GRIESEL: I would assume so Chair.

20 ADV SOLOMON: And it’s indicated that they fall outside of the scope of existing Acquisition Policy and specific policy had to be established for these acquisitions, is it correct?

MR GRIESEL: In my understanding of the document it’s the correct statement.

25 ADV SOLOMON: Now in your experience as an employee of

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ARMSCOR and then laterally as acting general manager of Acquisitions within ARMSCOR, had you ever prior to the SDPP's been involved in a package acquisition such as this and post that acquisition have you ever been involved in something
5 similar thereafter?

MR GRIESEL: Negative Chair. Prior to the SDPP's as we know them and post there has been no similar activity being executed by ARMSCOR or the Department of Defence.

ADV SOLOMON: Then if you go to paragraph 4 would you
10 just read that out under the heading "Delineation of MOD Mandate".

MR GRIESEL: Chair paragraph 4 reads:

"This policy only addresses the defence equipment offer facet of foreign initiated international government-to-government coordination proposals. The structure of these proposals dictate the scope of interdepartmental involvement. Non-government supported single product proposals are not addressed in this policy".
15

ADV SOLOMON: Is one correct then in saying that this
20 policy was designed for that specific purpose, the time it was the SDPP's, it did not affect non-governmental supported single product non-package acquisitions, it was a policy created for the specific purpose that one was dealing with in regard to the
25 SDPP's?

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MR GRIESEL: Chair, my understanding of this policy is that that is a correct statement, that this policy only related to the Special Defence Package Programme and as I indicated during my submission there were several other programmes
5 being executed concurrently with the SDPP's which followed the normal policies and processes and which were not affected by this MOD policy.

ADV SOLOMON: Then Chair I know I'm encroaching upon your time but I just want perhaps two questions and then I
10 would suggest we take the lunch adjournment but I see this document is dated August 1997, paragraph 6a refers to "Approval by the AAC". Just to put any doubt about whether these bodies had been established in relation to the objection raised by my learned friend Ms Sello, can you confirm then that
15 the AAC at least at this time was in force?

MR GRIESEL: That is correct, I can confirm that Chair.

ADV SOLOMON: Chair, I'm in your hands. Would this be a convenient time to take the adjournment?

CHAIRPERSON: Before we, before I answer that question,
20 how long do you think you are still going to be with him?

ADV SOLOMON: I'm sorry Chair?

CHAIRPERSON: I'm not pushing you, I just want to determine whether should we take the adjournment now or should we go on for another 30 minutes if you are likely to
25 finish in 30 minutes and take the adjournment only at that time.

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ADV SOLOMON: Chair, I would guess between 45 minutes to an hour still.

CHAIRPERSON: In that case let's take our adjournment. Thank you.

5 ADV SOLOMON: Thank you Chair.

(Commission adjourns)

(Commission resumes)

ADV SOLOMON: Thank you Chair and Commissioner Musi. Mr Giesel, we were dealing with the document 1474/147 and
10 you had dealt with, you had dealt with it. You have already testified, I'm not going to go there, concerning the first, second, third order evaluation. If we could then just Chair go to the document Giesel-2, the file rather, it's volume 2, page
15 with us, I pulled a bit quickly away from the robot before lunch, I don't want to make the same mistake. Are you with us?

CHAIRPERSON: That's right, yes.

ADV SOLOMON: Then this is APROC-097 which we looked at the commencement of your re-examination. I just want to
20 refer you to three passages. Page 109 there's one of the referenced documents in 2.1.1, are you with me Mr Giesel?

MR GRIESEL: I am Chair.

ADV SOLOMON: One of the documents there is the Defence Review Chapter on the Defence Industry, the Acquisition
25 Management Process, 6th Draft 7 May 1997 which you identified

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earlier on and we have included in your first bundle extracts from Chapter 13, is that correct, of the Defence Review?

MR GRIESEL: That's correct Chair.

5 ADV SOLOMON: Then page 114 you would read paragraph 4.1.6 to the Commission.

MR GRIESEL: Chair page 114 paragraph 4.1.6 relates to involvement of SANDF and Secretary for Defence and the paragraph reads:

10 *"Include the Secretary for Defence and the SANDF in the panel as required by the Defence Review paragraph 2.1.1".*

ADV SOLOMON: And you have testified that that was done.

MR GRIESEL: That is correct Chair.

15 ADV SOLOMON: Then just finally at page 115 under the "Evaluation Procedures", I'm not going to go through each one of the processes with a view to saving time, but the last step in the process which is 5.7 which deals with the last step in the evaluation procedures, just read that out for the record.

20 MR GRIESEL: Chair this flow diagram relates to the process for the steps that are going to be followed in determining a value system and also during the evaluation thereof and the last step being paragraph 5.7 reads:

25 *"Generate evaluation report with recommendations, obtain the necessary approvals and notify the contenders".*

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ADV SOLOMON: Thank you Mr Griesel. Now if I could just take you to your statement in volume 1, and we'll just wait for the confirmation from the chair and Commissioner Musi that they are on the same page at volume 1, and I wanted to take
5 you to page 9 of your statement and I would like you to just read 4.12 and 4.13 and perhaps just elaborate for the purposes of the Commission what you were dealing with there.

MR GRIESEL: Chair on page 9 of my statement I will read paragraph 4.12, it reads:

10 *“The distinction with the SDPP was that each product system (save for the Corvette’s which were to incorporate the nominated local combat suite into a foreign main contract) was essentially for existing foreign designed and developed weapon system
15 products that required certain adaptations or modifications to meet the unique South African requirements. It was accordingly necessary to adapt and interpret VB-1000 so that it was integrated with a foreign procurement programme of
20 this nature”.*

Paragraph 4.13 reads:

*“The SDPP was a unique acquisition management programme in that seven cardinal project systems had to be brought to a common starting baseline.
25 This required extensive interaction within the DOD*

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with regards to individual authorisation procedures. Approvals and recommendations were obliged to be submitted to the DOD and ARMSCOR at corporate level for final approval and execution”.

5 Chair, if I may elaborate on the meaning of these paragraphs starting off with paragraph 4.12, the intention here was to indicate that if we go through the normal acquisition process as previously described by Captain Jordaan and to a higher level by myself, the acquisition process that is described in VB-1000
10 assumes that a requirement coming to ARMSCOR would emanate from a required operational capability from the Department of Defence and from the SANDF where the SANDF would indicate their required capabilities in user terms and where no such products at that point necessarily exists.

15 We would then go through a process of risk reduction whereby a concept phase would, or different concepts would first be developed, concepts would be narrowed down to a preferred concept and that concept would be defined in detail, we would then go through the process of requesting
20 information from potential suppliers of such equipment to determine whether such equipment exists and then if such equipment exists and it fully meets the requirements then continue with the acquisition process thereof. If no such equipment exists we would then follow a different route in the
25 acquisition process whereby the required capability would then

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be developed.

5 The difference between that approach and the SDPP's was that with the SDPP's we did not follow that process starting with a required operational capability in user's terms and going through the process of narrowing it down to eventually define what such a product should look like and then go in and buy such a product or develop it. The SDPP's were existing products which were required but which had to be adapted to meet the local unique requirements and those
10 unique requirements could either be where the identified existing equipment did not fully meet the user's requirements in terms of unique functionality that was required or where specific South African subsystems had to be incorporated into it, or South African standards had to be adhered to which were
15 not necessarily adhered to with the internationally available equipment, so that was the major challenge with the SDPP's was to integrate this process into the existing VB-1000 process.

20 The Chapter 4.13 relates to the challenge that existed where, as I previously indicated, some of these products had already gone through a process and they were at different phases of the process of defining what the requirement should be based on the normal VB-1000 process, those activities then had to be stopped or terminated,
25 suspended at the time when the SDPP's started and seven

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different programmes had to be incorporated into one package and what is referred to as the common starting baseline that had to be established is everything that was deemed to be necessary had to be done on each one of these programmes in order to bring them to a point where a contracting position could be established simultaneously for all of them, and as the Commission would appreciate the development requirements for each of these programmes differed because of the unique requirements that existed for each of them, so that was the challenge that we had in incorporating seven different individual programmes into one package which had to be brought to a point where they could all be contracted for at the same time. Thank you Chair.

ADV SOLOMON: Thank you for that explanation Mr Griesel. And was one of those challenges integrating the process into the five step baseline procedure laid down in KB-1000 which you were asked about during your evidence in chief?

MR GRIESEL: Certainly. Chair, if I may just refer back to the VB-1000 process and the Commission will recall that in my slides and also in the slides that Captain Jordaan indicated there are two concurrent approval processes running as, what progresses through the acquisition process being the process at level 6 where certain milestone documentation has to be approved at the DOD level and then at level 5 where predetermined baselines have to be established, those being

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technical baselines and have to be approved by the ARMSCOR baseline (indistinct). Again the instruction with the process is that one would start with a user requirement, one would go through the process of establishing requirements baseline, functional baseline, allocated baseline as one progresses through the process initially to determine what exactly the requirement is and then when one gets to the point where that requirement has been properly defined to go into the process of developing that product system which is required.

10 The difficulty with the SDPP's were again that we started off with existing products to which modifications had to be done to meet the peculiar and unique requirements of the SANDF, so the baselines could not be followed as prescribed in VB-1000 because we started off with a product that exists but as far as possible those baselines were then followed for the outstanding portion, that portion which had to be developed in order to meet the unique requirements, so we ended up with a hybrid of the system where we did not start with the process, where we first had to go and define what the alternatives were in terms of concepts and narrow that down. We started with a given product to which certain modifications had to be done and that's where the development work came in.

ADV SOLOMON: Thank you Chair. Mr Griesel, if we could just then look at some of the attachments to your statement which weren't directly dealt with, if we could go to page 43,

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one of the attachments to your statement which is the constitution of the Project Control Board, let's just see that chair and Commissioner Musi are with us. Do you have it Mr Griesel?

5 MR GRIESEL: I do Chair.

ADV SOLOMON: If we look at the document it's described as "The Constitution of a Project Control Board". Would you just indicate under the "Functions" paragraphs 4f and g, would you just read those out for the Commission.

10 MR GRIESEL: Chair, on page 43 of the bundle under the heading "Functions" paragraph 4f states, and this is a heading under the sentence:

"The functions of the PCB include:

15 *f. To act as the interface between the project team and the Armaments Acquisition Steering Board and any other interdepartmental committee as required.*

g. Overall control of the activities of the project team".

20 ADV SOLOMON: Thank you. Would you go to page 44 the "Chairmanship" paragraph 9, would you indicate to the Commission who the chairman was?

MR GRIESEL: Chair, subparagraph 9 under the heading "Chairmanship" indicates that Chief of Acquisition would be the
25 chairman of the PCB.

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ADV SOLOMON: Thank you.

ADV SELLO: Chair I apologise once again for interrupting but for, I think purposes of the record I must point out that the document and the witness and my learned friend Mr Solomon are referring to appears at least on my copy to be dated the 21st October 1999 and once again I would want to understand the relevance of the contents of this document considering that on the face of it it's generated in a period beyond what I canvassed with the witness. Thank you Chair.

5
10 ADV SOLOMON: Perhaps you could deal with that Mr Griesel by indicating to the Commission to your knowledge were these boards constituted and did that function at any relevant time in this process, and when we say "relevant time" I suppose any time up to the 3rd of December 1999 when the
15 Cabinet approved finally these various SDPP acquisitions.

CHAIRPERSON: I'm sorry, even just before we go there you know, I've been listening to the questions which have been put forward, I'm not quite sure if all of them are necessary questions for purposes of clarity, some of them seems to
20 completely be new evidence. Can we just try and stick to what we are supposed to do which is ask the witness questions to clarify certain issues which are not clarified and not to lead totally new evidence. Thank you.

ADV SOLOMON: Yes, thank you. Thank you Chair, we're
25 trying not, we hope to have been of some use to the

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Commission by the questions that we're asking. This is an aspect that was dealt with by Mr Griesel in his statement and hasn't been dealt with in his oral evidence, I think it is something that, it's a document before the Commission put in
5 by the Evidence Leaders, I would be remiss in my duty as acting on behalf of ARMSCOR not to deal with the document that has not been dealt with by the Evidence Leaders but is in the statement and is an attachment to the statement put forward by the Evidence Leaders.

10 CHAIRPERSON: That I understand, I was not referring to this document, I was referring to the other evidence. For instance the other evidence that you've tried to canvass (indistinct) it was just basically repeating what he said in his evidence in chief. There was no clarification that was sought,
15 the witness was simply repeating what he said in his evidence in chief, those are the sort of things that I'm referring to, not specifically to this document.

ADV SOLOMON: I'll certainly bear that in mind, I realise there's obviously a degree of subjectivity as to whether it's
20 repetition or clarification but I'll try and bear that in mind. Thank you. Can the witness answer the question? Thank you.

MR GRIESEL: Chair, certainly project control boards were held during the period of the negotiations specifically and minutes to that effect do exist, and the project control boards
25 functioned as per the functions which are indicated in the

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Constitution.

ADV SOLOMON: Did they function under the chairmanship of the Chief of Acquisition?

MR GRIESEL: Chair without having any of the minutes
5 before me to confirm that, as far as my knowledge goes the Chief of the Acquisition did act as chairman, I cannot categorically state that he was the chairman of all of them, they might have a secondi but basically in effect he was the chairman.

10 ADV SOLOMON: Thank you. Mr Griesel, then you were asked about the SOFCOM constitution and the Commission had certain difficulties with where the SOFCOM fitted in. Could we just go to the same volume, it's page 53. Do you have it?

MR GRIESEL: Yes, I confirm Chair.

15 ADV SOLOMON: There's reference in the first paragraph of that document to the CLDWPN-*et cetera*, dated the 2nd of July 1997 and I want to just ask you to go to the document we looked at earlier on at page 46 and the second paragraph and confirm if that is the document that has been
20 referred to.

MR GRIESEL: Chair if Advocate Solomon can maybe help me, I do not find that specific reference on the document in page 46. I would assume it is that document but I cannot confirm that it's the same reference number.

25 ADV SOLOMON: Yes, I did refer you to paragraph 2.

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MR GRIESEL: Oh yes, I see.

ADV SOLOMON: Which contains the same reference.

MR GRIESEL: My apologies Chair, I found it, paragraph 2
of the document on page 46, the reference indicated there is
5 the, is in fact the reference which is quoted in the Intentional
Offers Management Committee constitution and that starts on
page 53.

ADV SOLOMON: Alright.

ADV SELLO: Once again Chair I do apologise for
10 interrupting but I would beg to put forward my concerns lest the
Commission or the rest of us become confused. I am not
clarified as to my learned friend's question with reference to
this reference if I may say. What appears at page 46 at
paragraph 2 "Origin and Date" and it gives "Planning Directive".
15 That particular document at 46 has got its own reference at the
top, if I go to page 53 which is what we are now referred to
that document has at the top of it a reference and at paragraph
1 which is what I think the witness was referred to a reference
as appears at 46. I do not understand therefore what
20 clarification is sought from the witness in respect of these two
documents and I would appreciate clarification from Mr
Solomon if possible.

ADV SOLOMON: Thank you Chair. If we look at paragraph
1 the document at page 53 it reads as follows:

25 *"The formally convened workgroup tasked with*

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establishing policy guidelines for dealing with the various international defence equipment offers ...”.

There’s then reference to the document at page 46:

5 “... continued functioning as an informally constituted management committee to provide counselling to the ministers regarding the way to treat the packages. Formal constitution of this management committee has now been established”.

10 So, I’m not quite sure what the confusion is, I would like this witness to be able to tell us that the rationale and *raison d’etre* for the SOFCOM is contained in the document at page 46, we read, paragraph 1 is read with the first sentence of paragraph 2 and thereafter, it seems to me quite obvious that the establishment of the SOFCOM seems to have followed upon this document 4/147 and perhaps Mr Griesel can enlighten us if he can confirm that to be the case. I know there was a question as to whether SOFCOM came into the process and how it was established and on what base it was established, I thought this may have been some assistance to the Commission to point this out.

20

MR GRIESEL: Chair, my understanding of the format of DOD documentation is that the reference at the top of page 46, that being CBP/R/303/6/B would be the reference of that specific document. The origin of that document would be indicated, or the origin of this directive or where it emanates

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from would be indicated in subparagraph 2, similarly the document on page 53, the constitution of the International Offers Management Committee refers to the same planning directive I would assume.

5 My understanding of the SOFCOM, however, has been that the SOFCOM, and this is what I also indicated in my testimony that the SOFCOM in effect executed the level 2 or second order evaluation as contemplated in this MOD policy.

ADV SOLOMON: Thank you Mr Griesel. If we could then
10 just move on. We, during your evidence you were asked to deal with certain minutes of meetings that took place after the 2nd of July, we know that the one meeting of the 16th of July you were not at, but you have dealt with the minutes, we know the meeting of the 8th of July you were at. If you could just go
15 to those various minutes at page 172 and start, and let's just be sure that the Commission is with us, it's the same bundle at bundle 1 page 176, documents inserted this morning.

MR GRIESEL: Chair, I have a separate bundle starting at page 172.

20 ADV SOLOMON: Thank you. Is the Commission with me Chair? Thank you. I just wanted to direct your attention to page 177 paragraph 30. Would you just read that paragraph out?

MR GRIESEL: Chair page 177, this is the minutes of the
25 Special AASB held on the 8th of July. Paragraph 30 indicates:

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“The AASB notes the progress and resolves not to make any pronouncement on what was presented, however, the Minister of Defence and the members of the AAC must be advised of the progress”.

5 Is that the correct one?

ADV SOLOMON: Yes thank you Mr Griesel. And then we know you testified that a meeting did indeed take place that was foreshadowed in the AAC meeting on the 13th of July of the same year, is that correct?

10 MR GRIESEL: That is correct Chair.

ADV SOLOMON: That was a meeting that you were at?

MR GRIESEL: That is correct Chair.

ADV SOLOMON: That meeting is to be found at page 212.

MR GRIESEL: Yes Chair.

15 ADV SOLOMON: Do you have it?

MR GRIESEL: I do Chair.

ADV SOLOMON: If you would just go to page 218 of the document, it's signed by the Minister of Defence, would you just read the note at page 218 under the Minister's signature.

20 MR GRIESEL: Chair, under the Minister's signature on page 218 the note reads:

“The information used during the briefings is preliminary and coupled to (indistinct) sensitivity is not included herewith but is available to AAC members for perusal from the SOFCOM secretary.

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The valuation results of the equipment elements are contained in SOFCOM record dated 1st and 2nd of July 1998”.

5 ADV SOLOMON: What results were those that were being referred to, did it include a non-costed option?

MR GRIESEL: Chair, the evaluation results referred to here are the detailed results compiled by the respective project teams or RPT's, which were presented to the SOFCOM on the 1st and 2nd of July. Those were the results which were used to
10 perform the consolidation of the inputs from the various project teams (indistinct) costed option was there, those results clearly contained the functionality evaluation or the military evaluation, the two IP evaluations and the financing evaluation per project.

15 ADV SOLOMON: Thank you Mr Griesel. If you would just go to page 189 paragraph b, I don't want you to read it for the record, read it for yourself and then I want to just ask you that confirms amongst others that after the 1st and 2nd of July there was no further SOFCOM meeting as you've testified.

20 MR GRIESEL: No Chair, there was no SOFCOM meeting after the 1st and 2nd of July during which the results were consolidated and the tables were arrived that that I had debated earlier on.

ADV SOLOMON: There's also reference in that paragraph to
25 the third sentence, it's referring to the meeting of the AASB on

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the 8th of July and the chairman stressed the point that the minutes of that meeting did not reflect a preferred option. Do you confirm that, that was not, there was no preferred option agreed upon on the 8th?

5 MR GRIESEL: Specifically relating to the LIFT's yes Chair, there was no preferred option.

ADV SOLOMON: Then if we could just understand the IONT, in your statement and annexed to your Griesel-1 there is an attachment that you were not referred to at page 68 or may not
10 have been referred to. Would you just indicate what that was and how the IONT operated in this respect?

MR GRIESEL: Chair, I in my presentation did touch on the IONT, the document starting on page 68 is the Terms of Reference of the International Offers Negotiating Team, this is
15 the negotiating team that was appointed by Cabinet post approval by Cabinet of the preferred bidders for the respective programmes. The IONT was led by a chief negotiator Mr Naidoo, and had representatives from ARMSCOR, from Department of Trade and Industry and from Department of
20 Finance and the IONT was responsible, as I indicated in my statement for the high level negotiations with the preferred bidders to eventually negotiate the umbrella agreements and also to negotiate with the financing institutions the financing options for the package.

25 ADV SOLOMON: Thank you Mr Griesel. Then finally I just

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want to deal with the audit, internal audit report which you have been referred to as part of your statement. There's the second one at 138 and then the first one at 108. Could you just go to page 115 paragraph 2.20, would you just read that out and indicate if you agree with that statement.

CHAIRPERSON: I'm sorry, which pages are you referring to?

ADV SOLOMON: Sorry Chair yes, the same volume, volume 1, page 115, it's the first internal audit report.

10 MR GRIESEL: Chair on page 115, this is part of the first internal audit report conducted by ARMSCOR into the SDPP's, paragraph 2.20 reads:

"The MOD Policy for dealing with international defence equipment offers dated 8 August 1997, reference CPP/R/302/6/B paragraph 15 stipulated a multi-tier approach to be followed during the assessment of offers. The policy outlined a three order evaluation to be performed and according to the SOFCOM constitution it managed the second order evaluation, no third order evaluation in terms of the policy has been performed and it is uncertain whether some other third order evaluation has been performed that could account for the change in recommendations mentioned in paragraph 2.3".

25 ADV SOLOMON: Do you agree with that statement?

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MR GRIESEL: My understanding Chair is that this is correct that the SOFCOM acted as the second order evaluation body.

ADV SOLOMON: Yes, thank you Mr Griesel. With your
5 leave Chair and Commissioner Musi I've no further questions for this witness.

CHAIRPERSON: Okay.

ADV SELLO: Chair, may I beg leave from the Commission to place two questions strictly to the witness to
10 clarify certain issues which came out during his re-exam and which were not particularly dealt with in chief? I'm indebted to the Commission. Mr Griesel do I understand, did I understand you correctly that the hybrid nature of the projects under the SDPP as the justification for deviation from the KB milestone
15 approvals as stipulated in KB-1000?

MR GRIESEL: Not necessarily Chair. In the normal course of programmes one would expect to start at the start with the required operational capability statement by the SANDF, one would go through the process in the normal course
20 of programmes. One could arrive at a point where a make-or-buy decision has to be made and where a modification could be made. In the case of the SDPP's all of the programmes did not follow that route, we started with, from a different baseline where certain equipment types were already identified being
25 equipment types like DAX fighter aircraft and (indistinct)

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fighter aircraft, so that would not go through the normal process that one would expect where a concept were developed, concepts with then further details and so forth.

ADV SELLO: And just a quick follow up on that just to
5 make sure that I understand, that hybrid nature of the projects then negated the application of the milestones and the requirements for approvals for milestones as referred to in KB-1000, that is my question.

MR GRIESEL: No Chair, it does not negate it because if
10 the acquisition process is followed one does not start by knowing that you are going to have a hybrid situation, you should start with a required operational capability in terms of VB-1000, work through the process. You could arrive at a point where equipment could be identified and just need to be
15 modified but the hybrid nature is not the starting point in terms of the process.

ADV SELLO: Thank you Mr Griesel. For purposes of the record I just wanted to understand that notwithstanding that these projects were hybrid your slide at 14 which set out the
20 different baselines and the approval levels would not, that entire process would not be negated in its entirety purely because these projects were hybrid in nature?

ADV SOLOMON: Before the witness answers Chair this is sounding a lot like cross-examination, there's limited right to
25 clarify some issues, this witness is, my learned friend Ms

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Sello's witness I have re-examined for the purposes of clarification, I don't believe she should be entitled now to cross-examine her own witness because then the process is going to get a bit messy.

5 ADV SELLO: Chair, if I came across as cross-examining the witness I must apologise to the Commission, it was not my intention, I wanted to make sure that I give the witness a fair chance in explaining the real position of slide 11, his responses to the questions arising in re-examination in regard
10 to paragraphs 4.12 and 4.13 appeared to contradict what he stated in his exam in chief. I just wanted to make sure that I had given him sufficient opportunity, it is absolutely not my intention to cross-examine him and should I cross that line I will appreciate it being pointed out to me and I shall retreat
15 accordingly.

CHAIRPERSON: I think I'm with you. When he read that paragraph 4.12 and 4.13 that seemed to contradict some of the evidence that he gave yesterday and I think in all fairness if he can he must be given an opportunity of trying to, of clarifying
20 that. So, I think I'm going to allow you to see and put that question again Chair to the witness.

ADV SELLO: Thank you Chair, and I, in fact it would be my last question and now that I realise that the witness has gone to the slide at page 14, and just to clarify that he did not
25 intend to lead the Commission with the understanding that

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because the projects were hybrid in nature the process as explained by him at page 14 was not negated in its entirety.

MR GRIESEL: Chair if I may respond, if I may refer to the slide on slide 14 of my presentation the process that needs to be followed in terms of VB-1000 is a process as depicted in slide 14. The requirement should emanate from the SANDF as a required operational capability for a capability that they need without defining what this capability should look like, but purely defining it in user's terms. VB-1000 dictates that the process needs to be followed to firstly define or define different concepts, to narrow it down to a preferred concept, to define that concept and to then go through the process as indicated in that slide. This is the standard risk reduction process that should be followed.

The fact that hybrid programmes were initiated as part of the SDPP's does not negate this programme or this process, what I was indicating in response to Advocate Solomon was the fact that we were faced with equipment types which had already been identified, which emanated from a different source, not from a required operational capability, equipment types such as tanks, light fighter aircraft, advanced fighter aircraft and so forth which then had to be modified, precluded us from going through this process starting with a required operational capability, we basically jumped into the middle of the process and then had to follow the process as far

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as possible for the part which had to be developed and this is what I tried to indicate to the Commission.

ADV SELLO: Thank you Mr Griesel, I'm clarified. My second question relates to page 46 of Griesel-1 read with page
5 53 of Griesel-1. The first document is Directive 4/147 and the second document is the International Offers Management Committee document. Have you located them?

MR GRIESEL: Yes Commissioner, I have.

ADV SELLO: You were referred in re-examination at
10 page 46 to paragraph 2 and the directive stated therein dated 2 July 1997, and at page 53 that particular directive is referred to again at paragraph 1 of that document, that's correct?

MR GRIESEL: That's correct Chair.

ADV SELLO: For purposes of clarity have you placed
15 through your statement or evidence that particular document before this Commission?

MR GRIESEL: No, we have not.

ADV SELLO: Thank you Chair, in indebted to the Commission.

CHAIRPERSON: Thank you Mr Griesel, thanks a lot, you
20 are excused and we appreciate you appearing before this Commission and giving evidence. Thanks a lot.

MR GRIESEL: Thank you very much Chair.

ADV SELLO: Thank you Chair, that brings us to the end
25 of Mr Griesel's evidence. We are in the Commission's hands as

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to which witness is to be called next, that witness will not be led by my learned senior Mr Sibeko and I, so we are in the Commission's hands as to what step to be taken next. Thank you Chair.

5 CHAIRPERSON: I see Advocate Lebala is sitting here. Who is supposed to lead the next witness and who is that next witness?

ADV LEBALA: Thank you Chair, Commissioner Musi. The next witness is Mr Rob Vermeulen. Just for your own
10 edification we are going into a territory where we are talking to the project managers, part of the integrated project teams and they would be educating you about the process of eventually acquiring this property and his testimony will take you through that detail. If you need a gust of fresh air we are willing to let
15 you have it, but time is on our side, we still have an hour, we would like to utilise this hour probably to familiarise the witness with the environment which is intimidating for all witnesses, meaning that we intend refreshing the witness to talk about himself, his CV and we would like to take that
20 advantage but permit us also to say we are in your hands after having listened to the educative testimony of Mr Griesel, I hope he hasn't overwhelmed you.

CHAIRPERSON: Advocate Lebala, maybe let's start in the morning with that witness.

25 ADV LEBALA: Thank you Chair.

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CHAIRPERSON: Thank you. Then we'll adjourn until tomorrow morning. Thank you.

(COMMISSION ADJOURNS)

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