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CHAIRPERSON: Good morning. Advocate Lebala, over to you.

ADV LEBALA: Good morning Chair, good morning Commissioner Musi. You have Mr Byrall Smith in front of you, we've already advised you that Mr Smith is going to testify about the life cycle and the acquisition process of the frigate/Corvette Product System.

CHAIRPERSON: I'm sorry Advocate Lebala, you are talking too softly, I can't hear you.

ADV LEBALA: Thank you Chair. Chair, we have time and again apprised you about the testimony of Mr Byrall Smith, he's standing before you. We did inform you, and even in the summaries that have been posted on the Commission's website that Mr Byrall Smith is going to testify about the life cycle and the process of acquisition of the frigate/Corvette Product System. He is standing before you and we are ready to proceed.

CHAIRPERSON: May the witness take the oath?

(Witness is sworn in.)

CHAIRPERSON: Thank you.

ADV LEBALA: Chairperson, Commissioner Musi, before we start just to tidy ourselves in matters of hygiene. There's got to be two documentation before you, the first documentation is a bundle of documents including Mr Smith's sworn statement and that bundle starts from page 1 to page

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166. There's been additional documentation that has been added to that bundle and pages 163 to 166 enclose that additional documentation. So, the bundle underpinning Mr Smith's sworn statement starts from page 1 to 166. And then
5 there is a Declassified Documents bundle of Mr Smith, those are the two documents that we would be taking the Commission through. The Declassified Documents bundle starts from page 1 to page 174. I'm certain that we are all tidy now Chair, Commissioner Musi.

10 CHAIRPERSON: Advocate Lebala, probably maybe you should ask somebody to attend to my bundle, maybe during tea time because the bundle which contains Mr Smith's statement, mine goes up to page 160.

JUDGE MUSI: The same here.

15 CHAIRPERSON: Chairperson, the relevance of these three pages you would appreciate won't be included as at this stage because they are very critical. Part of the testimony of the processes and the reports that Mr Smith will be testifying to are informed by those three pages. I don't know whether it
20 would be an appropriate time to adjourn to attend to those three pages? It's most unfortunate that we always assume that your bundles are in order before we start, but we've learned that we have to assure all the time that your bundles are in line with our bundles before we start.

25 CHAIRPERSON: And Advocate Lebala, if it is possible at

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all, rather than adjourn, can we not ask somebody to make photocopies in the meantime and then we proceed with the witness? As I say we've got only up to page 160, it's only a few pages.

5 ADV LEBALA: Certainly. I see the Advocate Masilo on behalf of ARMSCOR has already handed us the three pages Chair.

ADV SNYMAN: Chair if I may for the representative for Mr Feinstein, Holden and Van Vuuren, we are also only in
10 possession up to page 160 and we also have not have receipt as yet of the Declassified bundle which I understand will be made available during the course of today, but I just wish to place it on record that we have not had the opportunity to prepare on it in advance despite receiving the main bundle last
15 Thursday.

ADV CANE: Chair, Advocate Cane for the Department of Defence. We're in much the same position, regrettably we're also not in possession of the Declassified bundle of a 174 pages at this stage and also seem to have an incomplete
20 bundle attached to the statement, ours only going up to page 160. Thank you Chair.

ADV LEBALA: Chair, the three pages 163 to 166 were only placed and made available to us yesterday and because of their importance we felt that they should be included, that is
25 being sorted out. I'm just a bit concerned about Declassified

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Documents bundle, as to whether all the parties have them. I note that yourself and Commissioner Musi are in possession of the Declassified bundle.

CHAIRPERSON: We are in possession of those documents, but then what do you suggest we should do? We hear that two parties who are saying that they don't have the copies of these Declassified documents.

ADV LEBALA: Well, the Commission has just placed two copies of the Declassified documents before us that we could hand to Ms Cane and Ms Snyman, they come from the Secretariat's desk Chair. I think at this stage it would be appropriate for us to hand them to Ms Snyman and Ms Cane.

CHAIRPERSON: Ms Snyman I'm sure you have now been given a copy, copies of the documents that you said you don't have.

ADV SNYMAN: Yes, thank you Chair.

CHAIRPERSON: And ...

ADV SNYMAN: Excepting the three pages from the first bundle which I understand everyone is waiting for.

CHAIRPERSON: Yes, those will be made available to us later. I also don't have them.

ADV SNYMAN: Yes, thank you Chair.

CHAIRPERSON: But then are you comfortable about the fact that even though you have just received a copy of the Declassified Documents now that we can continue with the

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witness and his evidence?

ADV SNYMAN: Yes Chair.

CHAIRPERSON: Thank you. Ms Cane?

ADV CANE: Chair, that would be in order.

5 CHAIRPERSON: That would be in order. Thank you.
Advocate Lebala.

ADV LEBALA: Chair, having dealt with the storm in the
teacup, of course it's our tea and our cup, we are ready to
proceed. I assume that Mr Smith has been sworn in Chair?

10 JUDGE MUSI: He has been sworn in.

ADV LEBALA: Oh, I see the stenographer is confirming
that he has been sworn in.

WITNESS NUMBER 3 (ARMSCOR) : MR BYRALL SMITH
15 **(Hereinafter referred to as "MR SMITH"), GIVES EVIDENCE**
UNDER OATH

EXAMINATION IN CHIEF:

ADV LEBALA: Mr Smith, we are going to start with your
sworn statement. I would like us to start on page 1 paragraph
20 1.1 of your sworn statement. I would like you to read it.

MR SMITH: Chair:

*"I'm an adult male and I was employed by the
Armaments Corporation of South Africa, SOC
Limited ("ARMSCOR") as the programme manager
25 for the Corvette Project from its inception in 1992*

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until the completion of the evaluation phase in respect of Patrol Corvette platform in November 1998”.

ADV LEBALA: Now I see that you say: “I was employed”
5 in the past tense, are you still employed by ARMSCOR?

MR SMITH: I am Chair.

ADV LEBALA: Now you are referring to “I was employed”
in the context of the timeline from 1992 to November 1998?

MR SMITH: That’s correct.

10 ADV LEBALA: We’ve heard a lot about programme manager. I don’t know whether you want to give a different view, do you want to give us a short summary, of course this function is going to come time and again, you want to use your own words quickly, what’s a programme manager?

15 MR SMITH: Chair, my colleague Mr Vermeulen covered this point but in summary it’s the nodal point for entry into ARMSCOR with regards to the project, basically taking responsibility for coordination of activities in as far as it affects ARMSCOR.

20 ADV LEBALA: Thank you. On the self-same paragraph you talk about the Corvette Project. How does it differ from Project Sitron?

MR SMITH: The Corvette Project is equivalent to Project Sitron, Project Sitron was the acquisition of Patrol Corvette’s
25 for the Navy.

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ADV LEBALA: So, am I correct to say each time we refer to Corvette Project, Patrol Corvette project, Patrol Corvette platform project we are referring to Project Sitron?

5 MR SMITH: Correct. In terms of my statement that is correct.

ADV LEBALA: Now one important word arises in paragraph 1.1 and we are going to hear a lot about it, on the last line, the Patrol Corvette platform. Now do you want to simplify it in such a manner that it sticks on our mind, the
10 Patrol Corvette platform?

MR SMITH: Chair, the way we defined it under this project you will the term gets used later on as well, we have a vessel which we define at a higher level, consisting of two hardware elements, the one element is the ship platforms and
15 the other is the Corvette combat suite, and as we proceed through this statement I think that will also be emphasised as well, so it is the ship platform and the combat suite make up what is termed in the statement "vessels".

ADV LEBALA: Now by "vessel" I understand you to be
20 referring to the whole ship?

MR SMITH: Correct, in other words the whole ship including the platform as well as the combat suite.

ADV LEBALA: Now my understanding is that by the platform you could be referring to the whole ship excluding this
25 combat suite. I would like you to explain what's a combat

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suite.

MR SMITH: Chair, in sort of naval terms the ship platform is what is called the float-and-move function, that's this thing that you see on the sea floating and moving. The combat suite added to that ship platform gives it its fighting capability, so you've got the float-an-move which is the ship platform and the combat suite then adds this, shall we say, military dimension to the ship platform.

ADV LEBALA: Yes, I am satisfied that the commissioners do understand these concepts, one just seeks to clarify them so that when we go deeper into your testimony, because your testimony is about that, it's about the floating-move function and this fighter side of the vessel. Now let's look at paragraph 1.2, let me read it to you.

"A copy of my Curriculum Vitae is attached hereto marked Annexure 'BS1'. In summary, I have been involved in a number of cardinal Naval acquisition projects since the late 1970's, and over the past 23 years in the capacity of programme manager".

Before we go to your CV are there different levels and capacities of programme managers within ARMSCOR?

MR SMITH: Yes Chair, you could have a programme manager, it's a general term but you could have a programme manager for a non-cardinal project, I think you heard from Mr Griesel about non-cardinal projects, and you can have a

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programme manager for cardinal projects, essentially a bigger project and a smaller project. You could also have a programme manager for technology projects for instance which are very limited in funding *et cetera*, so there is a, it's a
5 generic or general term for all, for that particular post, notwithstanding the project.

ADV LEBALA: Up to so far before we go to your CV we have a vessel, that is the whole ship which consists of the platform and the combat suite. Now is that a distinction
10 between a submarine and a Corvette?

MR SMITH: No Chair, there's no correlation between the terminology used here and for this Corvette project and the submarine. The reason why there is this breakdown between the ship platform and the combat suite is slightly historical as
15 comes later in the statement in that the project had already gone a certain route by this stage, the project was already in the order of five years old by the time the SDPP came about, so it had followed a certain process. So, it's just a historical reason why there's this.

ADV LEBALA: But at this stage, and I'm happy that you have pre-empted the second leg of my question. My question is it would be proper for us to appreciate the distinction
20 between a submarine and a Corvette in this context because in a Corvette we talk of a vessel consisting of a ship platform and a combat suite, we don't talk about the same in the submarine,
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am I right?

MR SMITH: You could if the Submarine Project was structured that way. I think we just need to note that the Submarine Project went out, it was essentially an existing design, it was existing, that particular design was about 17 years old, in terms of the design it evolved and it's just recently been sold to a different client, as opposed to the Corvette programme which was a design project it's going through and had gone through a period of design and development and in particular with regards to the combat suite. So, with the submarine side it was very much a , to use a term, or customisation of the submarine whereas for the Corvette project it was a different case.

ADV LEBALA: That's where I would like us to appreciate this distinction. I'm happy that you are recognising this distinction. I understand you to be saying that in as far as the submarine is concerned it's already customised, it's existing, it's in place and as far as the Corvette is concerned it's a design project?

MR SMITH: In general yes, the Corvette project is a design project and more so on the combat suite, the combat suite was, had a long history to it and I'm sure as we go through it we will become clearer, this point will become clearer.

ADV LEBALA: We shouldn't lose sight of the fact that a submarine also has a combat suite, am I right?

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MR SMITH: Correct.

ADV LEBALA: Well, these distinctions I suppose will appear as we delve deeper and deeper into your testimony. I would like us to look at your brief summary on pages 9 to 10, 5 let's quickly run through it, we are not going to waste time. It's a typical abbreviated *Curriculum Vitae*, Annexure "BS1" pages 9 to 10, an abbreviated *Curriculum Vitae* of Mr Smith. Let's start with your education and qualification. You obtained a Bachelor of Science, Bachelor of Engineering (Mechanical). 10 Is this two qualifications or one qualification?

MR SMITH: Chair, it's a combined ... At that that stage it was a combined qualification going over a period of five years for an Engineering, to achieve an Engineering degree.

15 ADV LEBALA: So, it's one qualification?

MR SMITH: At that stage, yes.

ADV LEBALA: My understanding just for the sake of completeness is that the Bachelor of Engineer belongs to the Burch Faculty of Science?

20 MR SMITH: You can interpret it that way, yes.

ADV LEBALA: And you obtained that from the University of Stellenbosch during 1971 to 1975, I assume it was on record time?

MR SMITH: Correct.

25 ADV LEBALA: Then you had a Masters in Science Ocean

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Engineering from the University College London in the United Kingdom. Now what is Ocean Engineering?

MR SMITH: Ocean Engineering is to do engineering of any floating, standing structure in the ocean, or moving
5 structures in the ocean and I specifically, I specialised in the area of Naval Architecture which is a sort of a historical term, it doesn't really have to do with the Navy, it has to do with ship design.

ADV LEBALA: At this stage just give us example of
10 floating structures that comes on one's mind to appreciate a vessel come to think of it. We started by talking of a vessel that we know at this stage it would consist of a platform and a combat suite. I suppose that a submarine is also a vessel?

MR SMITH: Correct.

ADV LEBALA: What other forms of vessels would you
15 think of? We know that the subject of your testimony, the Corvette, is a vessel.

MR SMITH: Correct. As I mentioned in the beginning this was a definition that we brought into being just to make, to
20 ease the process in terms of the Patrol Corvette project but other examples of vessels out there are oil rigs, oil platforms, submersibles. Yes, that's the sort of typical examples of other structures you would get out in the ocean.

ADV LEBALA: So, as long as it floats, standing and
25 moving in the ocean and it has got component parts it's a

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vessel?

MR SMITH: You could define it like that.

ADV LEBALA: We note that you also have a Post-Graduate Diploma in Submarine Design, that speaks for itself,
5 am I right?

MR SMITH: Correct.

ADV LEBALA: What about Corvette design?

MR SMITH: Corvette design is actually part of the design process that I followed during my MSC in Naval
10 Architecture, that would have been, but ships in general ...

NOTE: Note that the Commission adjourned to a power outage in the Pretoria CBD.

15 (COMMISSION ADJOURNS)