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CHAIRPERSON: Good morning Everybody. Advocate Lebala.

ADV LEBALA: My gadget is not lightning Chair, it's not on. We are ready to proceed nonetheless.

5 CHAIRPERSON: Advocate Ngobese I thought today you would remind me that the witness is not sworn.

NOTE: Witness confirmed to be still under oath.

CHAIRPERSON: Okay, thank you.

ADV LEBALA: Chair, we have to rearrange our seating, I
10 note that my gadget is not working. Thank you esteemed Commissioners, we are ready to proceed. Admiral Kamerman, yesterday you testified in your various capacities, we heard your testimony where you told the Commission about your responsibility as the project officer of Project Sitron, you
15 testified about your overall project directorship [indistinct] the Patrol Corvettes and briefly touched on the submarine building process, that is not relevant to the testimony at this stage of the Terms of Reference we are dealing with because we are focused on Project Sitron. You still have you tell us about your
20 role as an executor or bilateral agreements, what has become common cause before this Commission, we are not going to waste time on it.

You testified with your cap on as the project officer of Project Suvecs, you also dealt with aspects that have been
25 raised by the critics Feinstein and Holden including [indistinct]

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made by Dr Richard Young and we will proceed having parted ways with the aspects that highlighted how costing and risk factors were dealt with, allegations of corruption and impropriety, you also touched upon that. Today we are still
5 going on with the subheadings of the allegations of corruption in as far as the Corvette platform is concerned. Now Commissioners, we will be leading testimony today from page 66 paragraph 137, that's where we ended yesterday. Are you refreshed Admiral Kamerman?

10 R/ADM KAMERMAN: I am indeed Mr Lebala, absolutely refreshed and ready.

ADV LEBALA: Refreshed both literally and directly, you're refreshed in what I've said to remind you where we are, and refreshed as you have rested yesterday, am I right?

15 R/ADM KAMERMAN: Indeed Sir.

ADV LEBALA: We proceed. I'm reading from paragraph 137 page 66 headed "Allegations of Corruption: Corvette Platform":

'Inclusion of Germany to bid for the Corvettes'.

20 I know that we have already touched upon it, but if need be we'll delve deeper into it. That's where reference is made to the role played by President Mbeki, and remember I informed you that we have put assertions to some of the witnesses, if I
25 remember well Mr Rob Vermeulen, Mr Byrall Smith where we told them that the critics are saying President Mbeki influenced

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the German bid coming back into the fold when it was supposed to be out, you are refreshed about that too I suppose?

R/ADM KAMERMAN: Indeed.

ADV LEBALA: Now let's take it from there:

5 *"It has been alleged that there was individual or*
Government collusion with the Germans to
irregularly allow them back into the competition
after they had been excluded in the first rounds of
tendering in the Project Sitron Project Study phase,
10 *particularly by the irregular intervention of then*
Deputy President Mbeki. As these allegations
overlap, I shall address the allegations in Young's
statement: ...".

Paragraph 137.1:

15 *"Young starts in his paragraph 32 by falsely*
describing the RFI and RFO rounds of the
Feasibility and Project Study phases of Project
Sitron in the period 1993-1995 as the basis of his
allegations. He states that 'After receiving initial
20 *proposals from a range of countries, including*
Germany, four shortlisted companies were
requested to provide formal offers. These countries
included Denmark, France, Spain and the United
*Kingdom and did **not** include Germany".*

25 By the way this also include the shipyards of these countries,

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am I right?

R/ADM KAMERMAN: Yes, correct.

ADV LEBALA: It's not exclusively countries.

R/ADM KAMERMAN: Yes.

5 ADV LEBALA: *"My belief is that Germany was excluded because the price and sophistication of the Corvettes that it offered were far too high for the needs or means of the SA Navy'. These statements are false".*

10 Page 67 Commissioners, paragraph 137.2:

"As can be seen in paragraphs 21-23 at Part 1 of my statement, the GFC did not submit any proposal at all in 1993 as it was prohibited by German Government export controls to South Africa and was therefore not included in the recommended Feasibility Report shortlist. The German exclusion in 1993 therefore had nothing whatsoever to do with the price and sophistication. After April 1994, restrictions on the GFC offering to South Africa were lifted and it was decided by the SA Navy and ARMSCOR in May 1994 to include the GFC in the tendering round and they were duly requested in July 1994, along with Denmark, France, Spain and the United Kingdom to submit a formal offer. Thus Germany was in every way one of the formal

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5 *offering countries in the first Phase of Project
Sitron, and indeed, had it not been for the strategic
consideration of the United Kingdom Rooivalk
competition, the RFFO in December 194 would have
been to Spain and Germany, not Spain and UK”.*

I think you have exhausted that. You have dealt with that
adequately, is there anything that you want to add at this
stage, briefly if any, briefly because it has become common
cause before the Commission.

10 R/ADM KAMERMAN: To that part of it no Sir, I assume you are
going on to the next, to the May 1995 allegation?

ADV LEBALA: Thank you Admiral Kamerman. Paragraph
137.3 page 67:

15 *“Young continues in his paragraph 32: ‘However,
when final cabinet approval was sought circa May
1995, Deputy President Mbeki refused to give such
final approval to the contract, despite all formal
requirements having been fulfilled for doing so
during the formal and comprehensive acquisition
20 process’. This allegation is false”.*

Paragraph 137.3.1:

*“Cabinet denial of approval for the acquisition of
Corvettes had nothing to do with any particular
supplier or country. The Chief of the Navy ...”.*

25 Now as at that stage just mention the name with that title, who

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was it?

R/ADM KAMERMAN: That was Vice Admiral Robert Claude Simpson-Anderson”.

ADV LEBALA: Thank you.

5 *“The Chief of the Navy (Admiral Simpson-Anderson)
and Rear Admiral Howell both attended the briefing
to Cabinet on 3 May 1995 and the decision was
made to defer the Corvette acquisition until a
national consensus on defence was reached, ...”.*

10 Let’s pause there, I’m revisiting whether you were better
informed as to whether when Admiral Simpson-Anderson and
Rear Admiral Howell attended the briefing [indistinct], they
were there with a view to advise Cabinet.

R/ADM KAMERMAN: That’s correct Sir, they went with the
15 delegation headed by the Chief of the SANDF and the Secretary
of Defence Mr Steyn, and there were, the chairman of
ARMSCOR was there and of course the Navy was represented,
it was after all a debate and a discussion and a decision about
the naval project, so the Navy was represented by the Chief of
20 the Navy as appropriate and of course his Chief of Staff
responsible for plans and projects was Admiral Howell.

ADV LEBALA: So the top management delegation that
was sent there seeks to inform this commission that the South
African Navy recognised that Cabinet is a decision-making body
25 and it has to be better informed.

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R/ADM KAMERMAN: Absolutely Sir.

ADV LEBALA: Let's go on Commissioners, 137.3.1, line number 4 after "1995, ...".

5 *"... the decision was made to defer the Corvette acquisition until a national consensus on defence was reached, which resulted in the Defence White Paper and the Defence Review in the next two years. I refer to paragraph 13 of the witness statement of R Adm Howell".*

10 That's true, I think the Commissioners heard so much about the White Paper. 137.3.2"

"It was the Minister of Defence, Mr Modise, who made the argument to defer the Corvette Project, not Mr Mbeki".

15 137.4:

'Young continues in his paragraph 34: 'After Project Sitron was reconstituted ...'.

We are in page 68 Commissioners, at the top:

20 *"... in 1997 with an essentially identical technical baseline, a similar acquisition process commenced and a shortlist of four countries was drawn up, but this time including Germany and excluding Denmark'. This allegation is false".*

137.4.1:

25 *"The 1997 technical baseline was very different to*

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the 1993-1995 baseline in very major ways, for example gas turbine propulsion instead of diesel-only, ...”.

We heard about that, the, I think Mr Byrall Smith and Mr Fritz
5 Nortjé and I think one or two of the naval officers:

“... helicopter interfaces, long-range SSMs (surface-to-surface missiles, vertical launched SSM’s etc”.

Please complete what does SAM stand for?

R/ADM KAMERMAN: Your first indication saying SSM stands
10 for surface-to-surface missiles is excellent Mr Lebala, the second one is surface-to-air missiles. That’s the Mkhonto.

ADV LEBALA: Yes, briefly just educate us about the distinction between the two, quickly.

R/ADM KAMERMAN: Yes, in 1993 to 1995 we were going to
15 utilise the [indistinct] system from the strike craft, 35 kilometre range missiles very much obsolescent at that stage but that’s what we had. We ditched that idea in the intervening years and we realised we couldn’t do that and just, I’m citing now the example of the missiles, and we were going to buy new long-
20 range missiles off-the-shelf. That’s a totally different environment, technically, professionally and of course in terms of the acquisition [indistinct]. Also it’s a major difference in warships, whether they are propelled by gas turbines or by diesels, it’s a very much more complicated propulsion
25 arrangement but of course the ship goes much faster in the

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sprint. It's a different ship frankly, so it's just not true for Young to have [indistinct], he knows nothing about these things anyway, that the baselines were, what we say, identical or something of that nature, essentially identical, it's nonsense.

5 ADV LEBALA: Thank you. Please measure your language.

R/ADM KAMERMAN: Thank you.

ADV LEBALA: What is significant is there's a difference between the 1993-1995 technical baseline and the 1997
10 technical baseline, and you are emphasising that the baselines were not identical.

R/ADM KAMERMAN: That's correct.

ADV LEBALA: And this is what you are saying Mr Young mischaracterises or confuses or doesn't understand?

15 R/ADM KAMERMAN: Yes, that was the minor part of the allegation, the next two paragraphs are the meat of it.

ADV LEBALA: Okay let's proceed, page 68
Commissioners, 137.4.2:

20 *"The acquisition process of 1997/1998 was entirely dissimilar to the 1993-95 process: ..."*

If I might ..., my train of thought is gone. What's that sign, it's a colon is it, the two dots is a colon? Please assist me? You see, after ...

R/ADM KAMERMAN: I beg your pardon Sir?

25 ADV LEBALA: The two dots after "process", it's a colon?

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Okay, whatever they are:

“... in 1993-95 we were not soliciting a main contractor for the Vessel system, ...”.

I think that has become clear, Mr Byrall Smith went about it, I think Rear Admiral Howell touched on it and Fritz Nortjé talked on it when we explained that you take a ship platform and the combat system separately.

R/ADM KAMERMAN: Sir, if I may Commissioners, just very briefly if you'd allow me, in 1993-95 we were coming out of the apartheid arms acquisition era, but not only that, in terms of the legal mandate of ARMSCOR, the ARMSCOR constituted as a state entity, ARMSCOR was and did so act as the main contractor for equipment, they would buy pieces of things like for example under Falcon they were going to acquire the platform from Spain, combat system from various sources and within South Africa, and then put them together, integrate them, and in effect ARMSCOR would act as the main contractor for major equipment towards the state. It had been wisely decided, I believe, that in 1997/98 it was so pronounced that we would tender, or our tender would be aimed at a main contractor being responsible. ARMSCOR would not, no retreat, that's not the right word, they would be restricted to their role as an administration state board, not as an engineering house doing the actual integration and engineering itself. Of course that is a fundamental acquisition difference ...

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ADV LEBALA: It's okay Admiral Kamerman, I think the Commission, I assure you this aspect, we overwhelmed them with it. All that I wanted to emphasise was just to rehash that acquisition was soliciting a main contractor for the vessel system in 1997 and 1998 different from 1993 and 1995, something that Mr Young also mischaracterised, he doesn't understand according to you?

R/ADM KAMERMAN: Well, I think he does understand, however, it doesn't fit his arguments. The fact is he makes a direct false statement saying they were ..., and essentially similar acquisition process, it simply was not.

ADV LEBALA: And for instance 137.4.2 is concluded by saying line number 3 Commissioners after "... the Vessel system, ...":

"... in 1997-98 we were; in 1993-95 we invited shipyards for a platform, in 1997/98 the State invited countries to offer a package of equipment".

You heard this from almost all the witnesses, even the initial witnesses testified to the Commissioners, I'm talking about the naval officers, Rear Admiral Higgs talked to it, Admiral Schoultz talked to it, and the programme managers of Eskom ..., of ARMSCOR talked to it. 137.4.3:

"Germany had been included in 1994, not only in 1998".

Now paragraph 138 "The German State Prosecutor's

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Investigation”, you were very firstly to deal with this one, I stopped you. Please summarise it quickly. Remember we deferred it and I said that it will come at the appropriate stage.

R/ADM KAMERMAN: Yes Commissioners, essentially in 2006

5 November, the offices of ThyssenKrupp Marine Systems in Hamburg were raided by the German State Prosecuting authorities. I was, my office was barred and my, all my property in my office were seized, my laptop and all, my documents and so on, against a warrant which I was allowed to

10 read, they have very strict processes like we do in Germany, and on that warrant I was listed as a witness, not as an accused, my direct reporting line boss was listed as one of the accused, and the rationale against my name for that listing as a witness and a person of interest to the authorities was that I

15 had assisted Germany to win the competition and I was central to that and in fact enabling to win the competition and that I had left the Navy and joined ThyssenKrupp Marine Services as, it wasn't stated as a reward, but that was the implication of what they were saying, they didn't find any evidence

20 whatsoever in any of my various documents or on my computer, neither did they find any evidence in any documents in the, in my home that they searched and neither did they find any documents in my *poste restante* address that they had searched and so on.

25 However, what they did find was a, my letter to the

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Chief of the Navy signed by him, so that was one thing that they understood very clearly was not correct. The second one I made a sworn statement the next day with my lawyer to the effect that I had in fact presided over, on four occasions, the only four occasions where Germany was pitted against other shipyards and on each occasion I had submitted a report recommending Spain and not Germany.

This flustered them completely and then with, added to that was the clear proof that I had in fact left the Navy in a perfectly legitimate manner and there were no breach of any contract or anything else and I've never heard of them since.

ADV LEBALA: Thank you. We are not going to take you from 138.1 to 138.4, you summarised it and dealt with it adequately. 139 page 69 Commissioners, the paragraph headed "The Allegation that Bazàn and not the GFC should have won". 139.1:

"In paragraphs 35-40 of Young's statement he makes numerous allegations about the selection of the GFC as the preferred bidder, concluding in paragraph 38 that 'on any objective basis Bazàn's ...".

Is it Bathán or Bazàn?

R/ADM KAMERMAN: Look, the Spanish pronounces "z" as a "th", it's like Juan instead of Jean and so on.

ADV LEBALA: Thank you.

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“... ‘on any objective basis Bazàn’s offer should have won the bid”.

139.2:

5 *‘In paragraph 35 he states: ‘Normally military equipment is selected according to the combined criteria of military performance and price. On this basis Bazàn again won the bid with its 590B light frigate with the GFC in a fairly distant second place with its MEKO A200 light frigate’. This is a false*

10 *statement”.*

Now the Commission, I assure you, has heard about this, we took them through the figures, the graphs, the diagrams and that’s where I think we even debated with the Commissioners as to whether the issue of the Industrial Participation played a

15 more significant role. Now this paragraph without wasting time, this paragraph seeks to tell us that it’s not only the military performance and price, the military performance and the price that would be looked at, Industrial Participation played a role, am I right?

20 R/ADM KAMERMAN: Indeed that was so Sir. I have overleaf commented in my own experience as a senior executive in a major corporation now for the last eight years and have stated categorically that it’s not only unusual, it’s absolutely usual and normal that most countries in the world, almost all

25 countries in the world propose some degree of Industrial

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Participation as a *quid pro quo* for purchasing major armament, some of them up to a 100% and even more. This is absolutely normal, obviously Dr Young is not familiar with the international arms process of, the importance of countertrade to countries who wish to expand their industrial baseline and buy armament.

ADV LEBALA: Now as you say this confirms an aspect that actually evaded the Commissioners. At one time the Commissioners called me to order because I nearly ignored the fact that Industrial Participation was a consideration that was made, but let's complete page 70 at the top, what you just say, it must be captured by the record:

"In the many frigate, Corvette and submarine competitions my company has participated in across the world in the last three decades, IP (Industrial Participation) has in fact been a normal and sometimes dominant feature in the Request for Proposals from customer navies".

139.3 page 70:

"The RFO evaluation process and report prepared under my leadership recommended the Spanish Bazàn 590B as the vessel with the best military value. The fact that Bazàn was not recommended as the preferred bidder was as a result of the NIP and the DIP evaluations, and Financing scores,

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which were processes outside my personal involvement and knowledge. I understand these matters have been comprehensively covered by previous ARMSCOR, DTI and Department of Finance witnesses”.

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I think we are not going to spend time on it, it's very clear. "Allegations of Corruption: Corvette Combat Suite", page 70 paragraph 140. Now I want to resist this, I assure you that the Commission [indistinct] that nomination as understood by Mr Young is not correct. According to Mr Young the State has selected and prescribed South African companies, including ADS in the contract baseline to the main contractor. Now that has been corrected and you seek to deal with that, but I assure you it has become clear before the Commission, I don't want to expand on it, and we are bringing more clarity on it, for instance just for the sake of completing that picture let's look at paragraph 140.4 by way of introduction"

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"In paragraph 42, 43 and 54 of Young's statement he advances allegations inter alia that South African companies including ADS and SA sub-system suppliers, had been nominated for the Corvette Combat Suite and that by this nomination the State had in effect selected them and prescribed them for inclusion into the contract baseline to the main contractor. I set out relevant

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facts within my knowledge below”.

140.2:

5 *“Neither ADS nor any of the SA sub-system suppliers were selected by virtue of their nomination as the suppliers in the RFO (Request for Offers, in the offer baseline or in the SAN’s technical specification. The whole Combat Suite was nominated in the RFO solely to provide a design baseline for the Platform Offer”*

10 We took the Commissioners through that, there was a time when we spent such a lot of time with the RFO document itself, the one that we’ve attached as “JK8”, we are not going back there. 140.3:

15 *“Read together and in context, the RFO documentation, in particular the guidelines provided to contenders in the RFO and the Programme Management Plan (Annexure ‘JK-8’) indicated the clear intention of the State that the tendering process be followed for the Combat Suite. Both of*
20 *these RFO documents indicated that there would be a tendering phase for the Combat Suite only after selection of the Main Contractor (see in particular*
4, ...”.

25 Now you are talking about pages 4 of the Programme Management [indistinct].

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R/ADM KAMERMAN: Correct Sir.

ADV LEBALA: Annexure "JK8", for instance that is page 4, it's on page 12 and 72 of the index. Page 16 is on page 286 of the index, page 24 is at page 295 of "JK8". All this means is rehash and highlight what [indistinct] quoted, we are not going to go there:

"... and pages 7, 13, 19, 20, 23 and 24 of the Programme Plan document). This is in fact what happened".

10 Now this page is, just to complete the record, page 7 is on page 317 of Annexure "JK8", page 13 is on page 323 of Annexure "JK8", page 19 is on page 329 of Annexure "JK8", page 20 is on page 330 of Annexure "JK8", page 23 is on page 333 of Annexure "JK8" and *et cetera* of the Programme Plan document. We are not going to go there, we dealt with it and it's been well-dealt with in your statement. 140.4 page 71:

"The nominated Combat Suite consisted of items available in the SANDF inventory, items then under South African technology development programmes and items that would have to be sourced from overseas due to a lack of local potential".

The rest is common cause. 140.5 common cause, 140.6 common cause, 140.7 you bring clarity of what the Commission has said. 140.7, let's read it, page 71:

"The German Frigate Consortium included a formal

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statement in its offer of its intent to partner with ADS to offer a Combat Suite. Young's statement in his paragraph 42 that this was 'not of GFC's own volition', is simply false".

5 This one, we need to put it on record, explain why Young's assertion is false. 140.7.1 at the bottom of page 71
Commissioners:

"It assumes that the GFC, representing two major international naval shipyards, ...".

10 Now what are those shipyards, it's Blohm+Vos and HDW?

R/ADM KAMERMAN: Blohm-Vos and Howaldswerke Deutsche Werf, otherwise known as HDW.

ADV LEBALA: Thank you.

"... would meekly ...".

15 I think let's get the correct train of thought, let's recapitulate and start from the beginning:

"It assume that the GFC, representing two major international naval shipyards, ...".

Which have been confined as HDW and Blohm+Vos:

20 *"... would meekly accept the customer's prescription of commercial and contractual partners and thus commercial and contract risk in a formal offer for a major warship contract. The GFC would not have".*

140.7.2:

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140.7.2:

'It assumes that the German Frigate Consortium did not have the will and capability to assess the South African industry described in the RFO (Request for Offers). It did, and executed many and thorough assessment meetings, both in 1997 and 1998'.

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Were you part of those meetings?

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R/ADM KAMERMAN: Not at all, we were made aware of them by the main contractor who would give this report to us as the offer, or the state, the customer.

ADV LEBALA: Do you have an idea of the names of persons who were part of those meetings?

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R/ADM KAMERMAN: The meetings were led by Mr Helmut Korn, Helmut Korn was the senior manager responsible for the programme and in each case they would include the requisite exploits from within Blohm+Vos and HDW for combat system integration, both of those companies having very large departments specifically related to Combat Suite engineering, headed up by a gentleman called Bernard Sovich, one of the world's leading [indistinct], just on the point of retiring now, but he's recognised internationally as one of the world's leading frigate combat system integrating engineers, and from time to time there were other experts from within both of those companies, I can provide a set of those if you wish, but those were the main, the two leading experts were Dr Helmut Korn

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and Mr Bernard Sovich.

ADV LEBALA: On the South African side?

R/ADM KAMERMAN: On the South African side they've held meetings with every single one of the 18 South African
5 companies, very extensively from ADS and those meetings included, if I recall from the minutes of those meetings that were sent to us, they always included the senior technical engineering and technical management staff of the companies.

ADV LEBALA: Let's proceed to 140.7.3:

10 *"It ignores that all of the other competing shipyards also identified ADS as their prospective partner".*

Is it an opinion or a fact?

R/ADM KAMERMAN: No Sir, that is a fact that every one of the four competing shipyards proposed ADS as their
15 prospective partner in the combat system integration contracting.

ADV LEBALA: Where could one find this [indistinct], because up to so far we led the testimony of all the witnesses, thinking that is an opinion. You don't have to give it now, but
20 if you could provide it to us at a later stage?

R/ADM KAMERMAN: I can certainly point you in the direction Sir. Every single one of the competitors were obliged by the RFO to provide their overall plan for the contracting phase, for the negotiation phase. In those plans which are vested in the
25 formal offers made by the four companies, all of them state

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they intend to partner with ADS, those payments are currently in archives of the Secretariat of ARMSCOR.

ADV LEBALA: Well, let the record reflect that as far as you are concerned the only document that reflects and mirrors on that is the RFO which has got specific clauses that make ADS as the main contractor in as far as the Combat Suite is concerned, that's all that we have, but we could look at that and [indistinct] would like to use it.

R/ADM KAMERMAN: Yes. I also want to add that we pointed them in the direction of ADS but we never prescribed [indistinct] and what we did also do was to say that they are absolutely at liberty to offer alternatives. We knew, however, and not to be coy about it, that ADS was the only practical option for them in South Africa, there was no other South African company unless they were going to establish a new one or some joint venture.

ADV LEBALA: Thank you Admiral Kamerman, the record reflect that you will make that documentation and information available to us. Page 72 paragraph 140.7.4:

'It ignores the fact that for the previous seven years at least ADS had led the SA naval industry in the development of surface combat technology on projects Diodon, Sitron and Suvecs. ADS was acknowledged by both the State and industry as the leader, a situation Young actually confirms in his

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next paragraph, 43”.

140.7.5:

5 *“It ignores that ADS was the only viable local
company that had the capability and technology to
act as a partner for the combat systems and as a
combat system integrator. This is a status
acknowledged succinctly by Young himself, to his
lawyers on 5 August 1999 whereby he states:
‘Although ADS is a South African registered
10 company, it is now-foreign owned. However, we
recognise that there is no other single company with
the requisite experience to take its place’”.*

Well, that’s confirmed by that annexure and the reference right
there. Now we part ways with that, we go to paragraph 72,
15 page 72 paragraph, I beg your pardon, paragraph 141 headed
“The BAeSEMA Allegations”. Do we need to deal with this?
Please summarise it quickly.

R/ADM KAMERMAN: Yes Commissioners it’s very important
because it’s a major allegation in Young’s allegations against
20 the State and against ARMSCOR. In December of 1999, and
this is very pertinent to the allegations that he makes, there
was an attempt by Young to form a consortium with a company,
a wholly British company called British Aerospace Sema,
BAeSEMA. He starts off his allegations by referring to the
25 BAeSEMA case in a very detached way, in a way that he is an

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outside observer, that he is standing on the side-lines, he's a friend reporting this matter, in that they attempted to form a consortium locally, they attempted to offer to the German Frigate Consortium an alternative combat system, an
5 alternative integration and main contractor and all of a sudden in January they were rebuffed and withdrew very strangely and Young draws the inference that that was obviously as a result of interference from the top, or the middle, but certainly that they were interfered with by South African Government officials
10 or the State in some way and forced to withdraw their options.

What he doesn't tell the Commission, and [indistinct] like that, is that he in fact was the leader of arranging the consortium, he invited British Aerospace to come to South Africa, he invited British Aerospace to form a
15 consortium, a joint venture with him, which they did, a consortium together with C212 British Aerospace or BAeSEMA and Tellumat, another South African company, wherein he was a director and he was the chief, deputy chief engineer.

He then proposed formally to the South African
20 Project Team, myself, writing a letter to me, a lengthy letter to me, and then following that up with a briefing in December, the 12th of December 1999. Now I'll pause for a moment just to remind you that it was well before any negotiations had taken place for the Combat Suite, it was well before Richard Young
25 had a problem with his Data Bus or the SMS or any of those

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other things that we'll deal with further today, and it was well before ADS was actually owned by the French. So, before all this he secretly and behind the backs of South African industry constructed a joint venture with a wholly-owned British company and what they were proposing, and that's another part of his omissions to this Commission, he says that British, BAeSEMA, they were proposing only to submit their Combat Management System and that's not true at all because in fact in the documentation that he provided to me and in the follow up briefing that was held on December the 16th, four days after he had given, sent me the letter, they in fact were proposing to take over the entire combat system, in fact to offer a complete solution to the South African State for the entire combat system.

Against that background it must also be remembered that BAeSEMA was a major supplier of surface-to-air missiles, in other words a direct competitor to Denel and [indistinct], a direct supplier of guns, a direct competitor to Denel [indistinct], a supplier of combat management systems, direct competitor to ADS, a supplier of tactical communications, a direct competitor to Grintek, a supplier of tracking radars and so on, one can go on and on.

I have attended a briefing where this was laid in front of me, I made no comment, I thanked them for their, for the information and I withdrew. I then privately warned Young

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that what he was attempting to do would leak out, and I certainly was not going to be the leaker, I never reported anything outside of my own, my own small team, I was accompanied by my combat system manager Commander Egan-
5 Fowler, and he was sworn to silence as well, but I warned Young that it was going to leak out and then he would have to take the consequences and that's exactly what happened, the South African industry formed a grouping in early January for the South African Combat System Group, 14 of the 18
10 companies excluding Dr Young and I was informed directly by senior members of that group that basically they didn't trust him. So that was the one factor.

There's no doubt at all that British Aerospace or BAeSEMA got wind of that when they themselves would have
15 gone to the Reutechs and the Grinteks and the Denels to explore cooperation on this alternative combat system and they were obviously given short strip.

The secondary of course is that BAeSEMA probably found out in the intervening weeks that they were dealing with
20 a company of 20 people that had no factory, that could not post performance warranties and guarantees in a major international competition at all and that certainly would have, let's say, caused them to withdraw. Young makes the fact, he makes a direct implication that no, no, British Aerospace very,
25 very suddenly withdrew and that's very suspicious and so on.

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We found it absolutely wrong, to use that word, that he would have concocted an alternative Combat Suite that would have displaced thousands of South Africans behind the backs of local industry that he'd been working with very closely for the previous seven, eight, nine years and the consequences of that was that he was certainly cold-shouldered by industry thereafter. It didn't in any way affect our intention to include it in our baseline, which we did, and ADS apparently took a more mature view of the fact that they had been challenged but it came to nought and British, BAeSEMA would have no chance in the competition in any event.

The basis is of course is, despite what I've just said, the German Frigate Consortium declined to have anything further to do with the BAeSEMA, C212 Tellumat joint venture called AMS.

ADV LEBALA: You referred to a letter that Dr Young sent to you around December. I would like to refresh you by drawing your attention to Annexure "JK21" on pages 525 to 527, File 2 Commissioners. I just want to complete the picture as to whether the dates that you referred to is the correct date. File 2 Commissioners, Annexure "JK21" pages 525 to 527. There's just one aspect that I would like to traverse, to verify the dates as to whether Admiral Kamerman is talking about the self-same letter. I see ... May I be directed as to whether you found the letter Commissioners? Please look at page 525,

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Annexure "JK21", one sees to the left that the letter is addressed to the Project Officer, that is yourself, am I right?

R/ADM KAMERMAN: Correct, and in fact I've just realised that I've been saying 1999 for the last five minutes, it's
5 19 December 1998, I do beg your apologies Commissioner.

ADV LEBALA: In actual fact the date to the right also, it's 10 December 1998, not 12. Do you see?

R/ADM KAMERMAN: Yes. Yes I'm sorry, it's 10th of the 12th, not 12th of the 10th.

10 ADV LEBALA: Just to complete this picture, if you look at the last page 527 at the bottom the letter comes from Dr Young, am I right?

R/ADM KAMERMAN: That's correct.

15 CHAIRPERSON: I'm sorry Advocate Lebala, let me just get some clarity from the witness. Will I be right to say if Dr Young had succeeded with his plans as contained in this letter the entire local industry as far as the Combat Suite is concerned would have been compromised?

20 R/ADM KAMERMAN: Commissioners yes, not in the final analysis of work that would have been given to some of those South African contractors but in the main the entire Combat Suite was affected, in every instance, particularly the ADS instance that he was proposing to completely displace ADS, a
25 450 South African-manned company for the integration work and the combat management system with a completely British-

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owned and British-staffed company, the work would have been done in Britain by Britain's with British technology. In the case of the surface-to-air missiles it was clear there was a direct threat, it was BAeSEMA was one of them, the world's leading
5 suppliers of surface-to-air missiles, [indistinct] and so on, but the mere fact that he was proposing from the start that they would offer the entire Combat Suite as a whole and in particular that the critical elements, the main contractor elements of that Combat Suite being the combat system in
10 [indistinct] engineering and the provision in the combat management system was going to be British and that was an entirety, it went completely against all our work and desires and hopes and dreams of the previous eight years of building a local technology-based, by South Africans, for South Africans
15 and spending the money in our own country.

CHAIRPERSON: Thank you.

ADV LEBALA: I just want to follow up on the concern, or rather the question raised by the Chair. Am I right to say that the BAeSEMA, C2I2, Tellumat Consortium was going to
20 prejudice ADS commercially, economically and the whole South Africa?

R/ADM KAMERMAN: Indeed Commissioners, that's precisely in fact not just prejudice, it was in fact going to displace ADS completely, they would have got no work at all on this project
25 and I, if I just mentally jump back to the previous issue of

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nomination this for me was the final straw that a man says he was nominated by a process and therefore entitled to contracting on the main acquisition project and yet at the same time he was proposing to displace all of the other companies that were so nominated as well, I think that is a bit of a leap of
5 hypocrisy that I'm still [indistinct] about.

ADV LEBALA: Now I'm going to ask you a broad question, this is the only question that [indistinct] and from there we will proceed. Is there any clause that constrained Dr Young from
10 doing that? We've seen a clause in as far as the constraint in the Supply Terms of the Corvette contract is concerned, say eight years' period, you can't become employed by a competitor or any other company that are specific.

R/ADM KAMERMAN: Yes.

15 ADV LEBALA: Was there such a specific clause concerning ...

R/ADM KAMERMAN: No, no, and in fact there was nothing stopping Dr Young, he was a company, a private commercial company, he still is, he is absolutely entitled to seek any
20 combination of business fortune that he wants to, so there was no legal or commercial constraint, but it should be borne in mind that in all the work that he received from the State, all the money he received from the State, from 1991 when he established his company until that date of his letter in 1998,
25 more than seven years and over R23 million just non Suvecs

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and Diodon alone, there was no tendering, he was appointed by the State to do this money, there was no competition in any of the technology retention or technology projects, there was simply no internal competition, the State looked across our industry and encouraged the industries and even created certain industries to build the Naval Technology base, precisely the base that Young was proposing in December 1998 by his activities, his secret activities with a British company was going to displace and in fact would have completely shut down our entire base.

I don't know whether British Aerospace was aware of that environment, British Aerospace are not a small player in the world, they are a very competent and in the naval domain BAeSEMA was one of the world's leading companies. I dare say they would not have made such decisions to enter into a joint venture had they known the full extent of what Young was proposing.

ADV LEBALA: Yes but you see, you said it as a fact or as an opinion that BAeSEMA would have made it a point that all the work is done in Britain by the British in exclusion of South Africans.

R/ADM KAMERMAN: Yes, they were proposing the combat management system which is entirely vested in British technology, they were proposing the combat system integration with themselves, C2I2 and terminated it. Of those three the

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only company that had any capability in naval Combat Suite integration engineering was British Aerospace, BAeSEMA, not least the ...

ADV LEBALA: [Indistinct], why then do you have a South African leg that was going to be C2I2 if that was the position?

R/ADM KAMERMAN: Well, I think this is the issue, C2I2 had created this joint venture and they were proposing themselves with 20 people to be the collaborators with BAeSEMA, over a 100 000 people, and Tellumat, a very large South African company, including its [indistinct] South Africa. So, what Young was proposing was he would provide the combat system Data Bus because he claims in his letter to me that he was as an engineer not in agreement with the architecture of the proposed combat system that had been evolving on Project Suvecs and that was very clear from, I have said yesterday there were very acrimonious arguments which I had to mediate between ADS and C2I2.

So, he didn't agree on the technical structure and he saw that in that technical structure, he saw as he relates, some difficulty with integrating his combat system Data Bus, so instead of in fact resolving this matter in an engineering level with the companies and the people and the state that has been working with him to do precisely that for the previous seven years, he in secret formed a separate joint venture to displace those companies and provide an alternative.

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Let there be no error, there was no other naval combat system integration capability in South Africa, industrially or commercially, other than African Defence Systems, so it follows that British Aerospace, BAeSEMA would have displaced in people and in facilities and in technology African Defence Systems.

ADV LEBALA: Now let me ask Sir, this BAeSEMA, C2I2, Tellumat Consortium was going to prejudice ADS commercially or the whole South Africa?

R/ADM KAMERMAN: They proposed to offer a complete solution, in fact if you turn to the other part of this document, and I'll just find it here, they were proposing to offer a complete ..., I'll find it in a minute, and incidentally the issue about whether it was going to be a BAE or a South African Combat Suite can be found on page 533 where British Aerospace relates in their offer to me that they are Europe's leading aerospace and defence company, naval combat system capability through BAeSEMA are now a hundred percent owned, and this was [indistinct] for me because I'm very familiar with these systems, they were offering a proven operational SSCS, which was on the Royal Navy type Marine KD experts [sic]. I'm just looking for where he makes the statement about that they're offering.

ADV LEBALA: Well just there, just there, please, the Commissioners need to be better informed, this is very

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important.

R/ADM KAMERMAN: Yes.

ADV LEBALA: But at the bottom of that page I see the South African investment Paradigm and I'll tell you why I'm asking you this question. You see, our Constitution says so many things, it talks about anyone, accommodates everyone. Now commercial competition is allowed and this is what the foundation of this country allow if you look at the founding provisions of our Constitution and specific clauses, but [indistinct] foreign company to pursue livelihood and trade with South Africa, hence I keep on asking was it a competition between ADS and this consortium consisting of BAeSEMA, C2I2 and Tellumat, even as a competition it's one thing, but if it was going to prejudice the whole South Africa it's another thing.

But if you look 533 then it follows the chart of my theme and thinking because this British Aerospace thinking also considers the South African investment, hence a South African company is there, C2I2. Now are you still stating this as a fact or an opinion?

R/ADM KAMERMAN: I'm stating it a fact [indistinct] it completely underpins what I'm saying. He says the South African investment was Paradigm and ATE, neither those companies had participated at all and were not part of the South African Naval Combat System Data, and neither of those companies had at that stage any naval system integration

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capability, so they were not proposing that they would take over the combat management part or the combat system integration part of only, which was the ADS provider in the GFC intended combat system, they were proposing in fact to offer a complete new South African or a complete new combat system, displacing the one that we have, we have given to, developed through our project Suvecs.

ADV LEBALA: Yes, the one championed by ADS?

R/ADM KAMERMAN: I'm afraid it's not championed by ADS, it was in fact the State itself had developed at great cost to the State at that stage over R300 million's worth of investment.

ADV LEBALA: Certainly, but championed by ADS.

R/ADM KAMERMAN: Well, not championed at all, ADS was the leader of the combat system integration portion of the Combat Suite System.

ADV LEBALA: Okay let me retrieve it and say led by ADS.

R/ADM KAMERMAN: Led, certainly led by ADS.

ADV LEBALA: I think we shouldn't agonise further, Dr Young would have to come and explain this. Let's proceed.
Page ...

ADV CANE: Commissioners, may I interpose just to assist? The witness was looking for a particular reference, may he please be referred to page 530, it may be the page which he was looking for, before my learned friend loses track of that particular issues.

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R/ADM KAMERMAN: Yes, thank you. Commissioners, I draw your attention to page 530 and it says that they've established Advanced Systems Management, it's ASM, the company, the joint venture of South African and European industry, Tellumat,
5 C2I2 and British Aerospace plc. And this is the cardinal [indistinct].

"Offering to supply and support the complete SA Navy Corvette Combat Suite".

That means the guns, the missiles, the radars, the
10 communications, the combat management system, the Data Bus, everything that is described or that was described in the RFO as the SA Navy Combat Suite.

ADV LEBALA: Admiral, would it be different, look at page 530 again, ...

15 R/ADM KAMERMAN: Which one Sir?

ADV LEBALA: 530.

R/ADM KAMERMAN: Yes?

ADV LEBALA: File 2, 530 that you've just been referred to.

20 R/ADM KAMERMAN: Yes?

ADV LEBALA: Would it be different if there was no South African company? The interests of C2I2 systems, I don't know whether they are commercial, whether they are patriotic, that's one thing, but it's a South African company called C2I2, which
25 is for me the consortium [indistinct] competing in a commercial

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space, allowed by the Constitution and the laws of this country. We see it happening all the time, hence I have to ask you, are you giving an opinion because once it starts to affect patriotism and the interests of this country it's one thing, and
5 Dr Young has to come and answer. Now are you stating this as an opinion that this venture was going to relocate to Britain to serve the South African interest from Britain, taking employment from South Africans? I know I've asked you incremental questions, simply put was this venture going to
10 remove the interest of South Africa completely?

R/ADM KAMERMAN: I think it should be very clear that what I'm doing is I'm answering the allegations in Mr Young's statement where he says there was a company BAeSEMA, he makes no reference to his own close association with that
15 company, and he says all of a sudden in the middle of December, January 1999 this company withdrew and he even goes on to state the statement, "by an unknown Britain", that in this man's history as an executive in the arms business he never ever before come across such a drop-dead negative *et cetera, et cetera*, so I'm not commenting at all, please believe
20 me, on Richard Young's right and constitutionally enshrined privilege to seek commercial gain at any stage in competition or not in competition, what I'm referring to is my rebuttal of his allegation that British Aerospace, BAeSEMA was coerced or
25 [indistinct]-off or whatever term you want to use, and the

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implication that drips through his allegation that this is yet another indication that there was top, there was intervention from the top in a corrupt and irregular way, it simply wasn't the case, Young created this monster and the monster then turned
5 on him and ate him, I mean that's it.

ADV LEBALA: You see, the Commission has to be better informed. You may underline the debate that you are having, I don't think you do, someone might, but I can close it by saying the following; if I look at page 530 it talks of a joint venture,
10 hence I've started asking you these questions, whether is it an opinion or a fact but probably let's leave it, Dr Young would have to come and answer these questions.

R/ADM KAMERMAN: Good, I [indistinct], he made this offer to the South African Navy in a letter to me and followed up with a
15 briefing to me, that's the facts.

CHAIRPERSON: I'm sorry Advocate Lebala before we pass this point let me ask the last question from the witness. If you go back to page 530, the statement that Advocate Cane referred you to where it says that "Offering to supply and
20 support the complete SA Navy Corvette Combat Suite", is it correct, will I be correct if I say that this process would have undermined the technology retention programme that the SA Navy or South African Defence Force ran for almost 78 years prior to this date?

25 R/ADM KAMERMAN: Absolutely correct Sir, it would have

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totally destroyed it.

CHAIRPERSON: Thank you.

ADV LEBALA: Thank you. Just to piggyback, what the Chair says is one thing, Admiral Kamerman I think the Chair
5 simplified everything, that's one thing, and I think [indistinct] answered, this is very critical. It's not even a question of patriotism, it's because there's the stubborn facts and evidence shows that there was a project called Project Suvecs on which South African resources were invested. Now anyone who
10 disturbs that could be disturbing it with consequences, but let's leave it. Page 73 common cause, we've clarified that. 74 common cause, we've clarified that. Now you deal with paragraph 142, 75 time and again, I think we've exhausted it. I know it comes back at a later stage, unless you want to go
15 deeper, it has become common cause, you go deeper, you clarify, for instance page 76, 77, 78 we debated that. We still deal with the question of the price when we go deeper into the Data Bus debate, but the price ceiling of the Combat Suite the Commissioners have heard it, Fritz Nortjé testified how it was
20 heightened. 80. I beg your pardon. 80, 81. 82: "The alleged disclosure of C2I2 price for the Data Bus and the alleged maximisation of the French content". We'll deal with it at the end, you have laid the foundation, you will see we are going to come back to it at the end, you deal with it towards the end,
25 I've demonstrated where you deal with it towards the end.

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R/ADM KAMERMAN: Commissioners, if I may I would, however, like to in this issue of under the allegation headed, that's paragraph 142, "My alleged failure to prevent Chippy Shaikh from violating the acquisition process", if I could just

5 highlight two factors that Young specifically alleges in his memorandum or submission to this Commission, he says that on two, on one occasion that he refers to is where I was aware that Shaikh had had meetings with Mr Moynot, referring, I assume to a memorandum of the 2nd of March which Moynot,

10 which Fritz Nortjé and I authored which says that Mr Moynot related that he had had a meeting with Mr Shaikh and Admiral Howell to discuss the Combat Suite and Young then goes on to say therefore I was aware that Shaikh was interfering in the combat system, that negotiations, and I should have, and by

15 not doing so was negligent and/or corrupt in not doing so.

Admiral Howell has testified on that and I don't think we need to belabour that, it was simply a report by Mr Moynot in the introductory remarks to the meeting, I was certainly not present at the meeting and I fully understood and

20 completely concur with Admiral Howell's remarks in his witness statement to this Commission that that was a meeting by himself, Mr Shaikh and Mr Moynot to discuss the impasse that we were in on the combat system at that time, and it be perfectly natural for the top management in the IONT and the

25 Navy to engage with Mr Moynot who was the ADS top manager

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to say there is a problem, you'd better sort this out, otherwise there's going to be a serious problem with breaching the contract on the combat system, I wasn't present at that meeting but Admiral Howell was related on that.

5 There was also a second occasion which Young may be referring to, and that was a note that was done by myself and Mr Nortjé wherein he described that during negotiations Mr Moynot had suddenly said on a controversial point of negotiation that in any case my view is supported by, to the
10 Chief of Acquisition.

Our distinct impression at the time when he, that he was hauling his lost rabbit out of a hat, and of course the old negotiating trick of referring to the superior of the person that's disagreeing with you, we rejected it with contempt, we
15 told him very sharply we're negotiating with you, you're negotiating with us and not Mr Shaikh and please do not mention anything of that sort again.

Immediately following the meeting I went, immediately to Mr Shaikh, related the incident and asked him to
20 confirm that it was indeed so, he vehemently denied that it had taken place, any such agreement, and that I was to act accordingly, which I did, and but because Fritz and I were so-sort of, let's say surprised by this introductory by [indistinct] who is normally a fairly rational man, sort of desperate attempt
25 to get us around to his point of view we made a note and that

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note is on the file. This has also somehow been [indistinct] in 2001 a major thing, the Joint Investigation Team made a forensic investigation, made most, made a lot of it. I wanted to relate it to this Commission in the context that we made that
5 note.

ADV LEBALA: Yes, do you want to add anything?

R/ADM KAMERMAN: Nothing in that chapter.

ADV LEBALA: Thank you. Admiral Kamerman please be informed that when I take you through the pages and I say this
10 has become common cause, you explain it deeper, I don't stop you from commenting if you want to.

R/ADM KAMERMAN: Thank you Sir.

ADV LEBALA: Adv Cane and the Bowman Gilfillan team who have prepared this adequate statement might like to clarify
15 some of the issues at a later stage. I am not only trying to save time, equally be informed that I'm not short-changing the Commission to deprive the Commissioners from, depriving from hearing some of the most important testimony but there are still burning issues that we have to deal with.

20 R/ADM KAMERMAN: Certainly Sir. Certainly, I do ...

ADV LEBALA: Then while still it might be burning, because everything is burning, this is not the court, it's a commission, all these issues should come before the Commission, but there are still more burning issues. Are you
25 certain you don't want to add anything?

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R/ADM KAMERMAN: Well, where?

ADV LEBALA: On the [indistinct] story and the interference. We are looking at page ... Just a minute.

R/ADM KAMERMAN: No, not on the [indistinct] issue, it was
5 pretty clear that the, and I even raised that in my rebuttal because Young makes a major point of that, that Kamerman knew that Shaikh was interfering and did nothing to stop it. Well, it couldn't be further from the truth, as I related yesterday Shaikh had absolutely nothing to do with the
10 negotiations with the Combat Suite and had no influence on us, but of course when we dealt with people like we know are on the other side of the table he would from time to time, and he did twice slip in you know somehow to make his own position stronger that he had had interaction with the Chief of
15 Acquisition.

ADV LEBALA: Thank you. Anything you want to add at all to the topic on page 79?

R/ADM KAMERMAN: Yes.

ADV LEBALA: Paragraph 143.

R/ADM KAMERMAN: It's a long story because Young makes it
20 a long story. He in fact directly calculates ...

CHAIRPERSON: I'm sorry Admiral, if at all it's a long story shouldn't we just take the tea break and then we'll start the long story after tea.

R/ADM KAMERMAN: Absolutely Sir, we're in your hands. Tea
25

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would be nice.

CHAIRPERSON: Thank you, we'll adjourn for tea now.

(Commission adjourns.)

(Commission reopens.)

5 CHAIRPERSON: Thank you.

NOTE: Witness confirmed to be still under oath.

ADV LEBALA: Esteemed Commissioners, for the record I've taken off my jacket.

CHAIRPERSON: Are you feeling hot?

10 ADV LEBALA: I need more ventilation.

CHAIRPERSON: Okay.

ADV LEBALA: Thank you Chair. Admiral Kamerman, before we took an adjournment we dealt with paragraph 142.1 headed on page 75 Commissioners, headed "My alleged conduct to prevent Chippy Shaikh from violating acquisition process" and then you summarise it, am I right?

R/ADM KAMERMAN: That's correct Commissioners.

ADV LEBALA: In actual fact before we go to the next heading I would like to take you back to one aspect that I would like to see in as far as the BAe, C212, Tellumat Consortium is concerned. It has become common cause that the successful bidder who we know became the German Frigate Consortium was announced on the 18th of November 1998.

R/ADM KAMERMAN: That's correct Commissioners.

25 ADV LEBALA: And as at that time it became clear that

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other bidders who didn't succeed, I'm talking about the shipyards in the countries, would have preferred to work with ADS.

R/ADM KAMERMAN: Yes, they in fact nominated ADS
5 themselves separately and individually in each and every one of their offers to the South African [indistinct].

ADV LEBALA: Now you testified about the altercation, the fracas, the uncomfortable situations and relationships between Mr Young and the directors of ADS, do you remember?

10 R/ADM KAMERMAN: I do.

ADV LEBALA: Now as at that stage around November 1998 when this announcement was being made are you able to tell the Commission what was the relationship like between Mr Young and the ADS directors, briefly?

15 R/ADM KAMERMAN: As briefly as I'm able to Commissioners, but yes, it was extremely tense. As he states, very, very correctly without any emotion behind it in his letter to me of the 10th of December that he has a grave problem technically
20 with the proposed engineering solution. Actually behind that there were many, many acrimonious meetings lasting into the night, especially those between him directly and the technical director, with [indistinct] Chief Engineer for the Combat Suite integration at ADS Mr Douglas Law-Browne and it was clear
there was a difference of opinion.

25 We watched the ball bouncing back and forth and

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casually intervened but it was necessary to have these technical debates to, so that the final solution would be of the best benefit to us, but it, certainly Young took it to heart, he was very aggressive in these meetings and he felt that the architecture was the wrong architecture. So, at that stage things had ballooned into really quite a tense issue between them, but I never assumed that it was more than a technical dispute.

ADV LEBALA: Now as at that stage would you say C2I2 interests represented by Mr Young and ADS interests represented by the directors who had an unsound relationship with Mr Young would synergise, would you say that the interest of both entities would synergise, or simply put they would work together?

R/ADM KAMERMAN: I believed so because it was in the interest of both parties to work together, Young had participated as valued member of the Design Advisory Committee, he had the Data Bus component of the Combat Suite technology suite demonstrated and similarly ADS had been working and have reached a point on the design of the combat management system and the layout of the whole combat system in terms of architecture and engineering, integration and so on, so the technical [indistinct], the tenseness of the dispute as yes, a bit strident but nevertheless manageable, certainly the issue with regard to the BAeSEMA tend to

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[indistinct] ADS, that was not technical at all, it was purely commercial and definitely I assumed this is just a common cause as you would say, that that would have broken the camel's back of the relationship, there is no doubt about that.

5 ADV LEBALA: Now the consortium between BAeSEMA, C2I2 and Tellumat was started more or less around that period?

R/ADM KAMERMAN: Yes, that was according to Young's letter to me that had been already achieved, they already signed a joint venture, formal contractual relationship by the
10 10th of December. Going back in time one assumes at least a month of preparatory discussions and you don't just sign a joint venture out of the blue, so it probably was during October, the period i.e. during the period when it was clear that the, that the German Frigate Consortium was going to be selected as the
15 preferred supplier unless something else intervened and in fact they were so announced on the 18th of November.

That's not an awful long time but on the 18th of November and the 10th of December, so I assumed, and no offence at all as I've already explained to you he had every
20 right as a South African citizen to do this, it's just a question of whether it was going to cause problems in his relationship with the other South African combat system industry.

ADV LEBALA: Are you able to say with your head held high that this unfortunate relationship between C2I2 as
25 [indistinct] by the interest of Mr Young and the directors of

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ADS fuelled the creation of this consortium?

R/ADM KAMERMAN: The, firstly [indistinct] and secondly there's no doubt at all that this issue of him attempting to displace [indistinct] with a foreign competitor, ADS as the
5 combat system [indistinct] and provider of the combat management system and the leader of the, as the Main Contractor in a sense because they would have certainly been the Main Contractor's combat system partner as opposed, I mean BAeSEMA would have then, you know that was absolutely
10 going to cause significant problems and I'll say a break in trust between the two companies for the future phase, and the future phase was the negotiation with the combat system, and that was a critical phase of trust between contending parties, so at the same time I believe that that did certainly influence the
15 feelings of particularly ADS but in general South African industry towards C2I2.

ADV LEBALA: Thank you, let's proceed. You've summarised paragraph 142 on page 75 headed: "My alleged failure to prevent Chippy Shaikh from violating acquisition
20 process", you've already dealt with it time and again going back to the presence of Mr Shaikh directly or indirectly. [Indistinct] yourself, speaking on behalf of the Joint Project Team, also speaking on behalf of Project Sitron members, it keeps coming time and again, we are not going to traverse it,
25 we close it, and I would like us to take paragraph headed: "The

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alleged manipulation of the price ceiling for the Combat Suite”
on page 79 on paragraph 143. Now page 79 to 82, we are
going to pass it and come back to it later. I would like you to
summarise it, I will take you through it. Paragraph 144 of page
5 82 headed “The alleged disclosure of C2I2 price for the Data
Bus and the alleged maximisation of the French content”, I
would like us to park it, it spans from page 82 to page 84. Now
you will appreciate at a later stage why I do this because there
are paragraphs ahead, way ahead that traverses these topics in
10 a far better way, albeit it in these specific paragraphs we deal
with these topics in a far better way, albeit in the specific
paragraphs we deal with these topics with absolute clarity.
We’ll park it and come back to it later and we’ll summarise it.
Page 84 paragraph 145 headed “The alleged disclosure of
15 C2I2’s price for the SMS (System Management System)”, Fritz
Nortjé briefly touched on it, he will come and summarise it,
we’ll also deal with it, it spans from page 84 to page 86,
paragraph 146 on page 86 headed “The addition of fees to
C2I2’s price for the system SMS”, Mr Fritz Nortjé traversed it
20 also and laid a foundation for it. We will come back to it, we
will summarise t, it spans from page 86 to page 87.

“The alleged deselection of SA Subsystems in
favour of French Subsystems”, page 87 is the real nub. One
appreciates why these paragraphs were done this way but they
25 cover each other [indistinct] and then they are an incremental

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follow-up of each other, but some paragraphs clarify the others more better. We will deal fully with paragraph 147 page 87 to page 91, we'll come back. That one we'll deal fully with it, the others we'll summarise it. Let's go to a controversial issue that the Commission has heard about it of the missiles. On page 91 paragraph, [indistinct] paragraph 149, page 91 paragraph 149 you will see that we are left with few pages to complete your testimony because we start at the back and went to the front. Page 91 paragraph 149 headed "The Composition of the Naval Surface-to-Surface Missiles (SSMS)", I take the liberty to read 149 and paragraph 87 to 82 and 94 to 99 of Young's statement he alleges that, 149.1.1:

"The reduction in price of the SSM programme by excluding the cost of the missile rounds effectively enabled the price of the rest of the Combat Suite to be increased and that this benefitted Thales;".

Next paragraph:

"My alleged failure during the JIT investigation to state the number of missiles actually meant that there was 'something highly irregular in this regard' and that I lied to the JIT regarding the number of missiles acquired".

Let's pause there. When you went to the JIT you were alive to the fact that the issue of missiles was a burning issue, am I right?

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R/ADM KAMERMAN: Yes well, since Young takes us back to the JIT, what Young alleged during JIT in his memorandum or his so-called aide memoire, his sworn statement to the Joint Investigation Team and his verbal coverage of that statement in
5 his evidence in the public phase he made the broad statement that in his opinion we had bought no missiles, in fact the R182 million for the SSM missiles was a fabrication and we were withholding the Navy collectively [indistinct] particular was withholding that we had actually bought no missiles, it was a
10 fraudulent exercise and we were concealing that there no missiles bought.

It was an absolutely bizarre allegation, 17 missiles were bought by the state, we invited the Joint Investigation Team to come and inspect them and inspect the delivery notes
15 and the payment vouchers and so on and so forth, so that was effectively dealt with, so this time around he cautiously steers clear of that, otherwise [indistinct] take him out again in a court or any other venue such as this quite effectively. What he now says that oh, we bought 17 missiles but you brought,
20 you didn't tell, you lied to the JIT and you're conceding the fact that six of those missiles were Block 1 SSM MM40 missile from Aerospatiale and not all 17 [indistinct] would Block 2, a variation of the missile.

It goes on to say further that we bought that
25 missiles, that we have in fact got operationally useless

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missiles in the South African Navy inventory and during my testimony, and I now will return to the testimony, and I now will return to the testimony that thirdly with regard to these missiles ...

5 ADV LEBALA: Just pause there Admiral Kamerman, come back, come back, I'm about to lose control. Remember I'm leading your testimony. You haven't responded to my question. Actually you have traversed almost 2/3's of what this paragraph headed "Composition of the Naval Surface-To-Surface Missiles" is all about. My question stems from having read paragraph 10 149.1.2 that:

"... failure during the JIT investigation to state the number of missiles actually acquired mean that there was 'something highly irregular ...'".

15 Let's start here.

R/ADM KAMERMAN: Yes certainly, [indistinct].

ADV LEBALA: Wait, wait, wait, come back, come back, come back. Is it true that you did not state the number of missiles at the JIT?

20 R/ADM KAMERMAN: No, it's certainly not my recorded testimony, the records categorically, we bought 17 missiles, Aerospatiale MM40 missiles.

ADV LEBALA: Thank you. That's all that I wanted you to respond to. Let's go to 149 point 149.1.3, you've laid the foundation for it:

25

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“Six of the missiles acquired are operationally useless to the South African Navy and thus further missiles are required. Young alleges that I lied to the JIT regarding the missile variants acquired;”.

5 149.1.4:

“Missiles were in fact not bought but leased”.

149.2:

“I deny these allegations and set out the relevant facts within my knowledge below”.

10 You’ve already laid the foundation for that because this is really important, I think let’s deal with it, 149.3:

“The Naval Board reduced the number of SSMs to be acquired to 32 to 17, due to affordability constraints”.

15 Now this is a cost and, this is a cost and risk factor or only a cost factor?

R/ADM KAMERMAN: Only a cost factor Commissioners. When we couldn’t get into the price ceiling of the combat system and it risked the entire programme I went to the Naval Board and
20 said ammunition is something you can buy over time, secondly and more importantly you shouldn’t buy too many missiles because they have a shelf life and therefore I recommend going down from 32 to 17, 17 being 16, a full set for two ships, plus one test missile and that thereby we say we are going to save
25 some R270 million. The board agreed wholeheartedly and

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ratified that as a decision.

ADV LEBALA: Now we have covered 149.3 with that testimony. Then 149.4, but let's complete 149.4 by reading it:

5

“Young speculates that missiles were leased under the SDPP. This is false. South Africa bought and paid for 17 MM40 missiles under Project Sitron, plus spares and test equipment”.

Now at that stage which country succeeded in the bid for missiles?

10

R/ADM KAMERMAN: Aerospatiale, that is a, at that time was a French consortium, it is now a German/French international consortium because MBDA is part of Airbus, Air Defence, it's a Franco/German consortium.

15

ADV LEBALA: Thank you. Let's complete 149.4. Commissioners, page 91 line number 3:

20

“These were delivered on-board the ships on their delivery voyages from Germany to save money. Save for those already used in test firings, they may be inspected at the SA Naval Armament Depot in Simons Town”.

Did you address the JIT hearing about this aspect?

25

R/ADM KAMERMAN: Yes, I reported categorically they bought 17 missiles and they were delivered, at that time in 2001 they had not yet been delivered but we bought and we were busy doing factory acceptance tests. I had a team of seven people

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in France reporting to me inspecting them for acceptance, so we were in the process of buying 17 or acquiring 17 missiles. Today they are, have already been delivered, they were delivered on-board the SAS Amatola and the SAS Isandlwana, 5 so the board avoid the Main Contractor [indistinct] delivery fees as well as import duties and all that sort of nonsense and they were delivered in the years 2003 and 2004 respectively and now reside [indistinct] as all missiles do, in the cool, dank depot of South African Navy Armament Depot at the top of 10 Simons Town.

ADV LEBALA: Thank you for the information, but come back to my question. Did you tell the JIT hearing that they could come and inspect these missiles at the South African Naval Armament Depot in Simons Town?

15 R/ADM KAMERMAN: Yes, I invited the JIT to have an inspection if they wished to do so, they didn't. The claim was so bizarre, speculative and completely outside of Dr Young's knowledge, it was a very simple thing to rebut.

ADV LEBALA: Now you've traversed the remaining 20 paragraphs 149 page 92, 149.5 to 149.6. Remember you told the Commission that there were two [indistinct] preferred above the other. I need not repeat what has been said in 149.5, we know that the South African Navy selected for instance at the top line:

25 *"South African Navy selected the Aerospatiale MM40*

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SSM as the missiles to equip the Corvettes”.

You’ve clarified that. 149.5.2 at the top:

5 *“The Block 2 is the latest variation of the MM40 family and has target discrimination and electronic counter-countermeasure features superior to the Block 1, which has an older generation of electronics and therefore more limited attack and end-game accuracy capabilities. For this reason, the first choice of the South African Navy, and the*
10 *version used in our evaluation was the MM40 Block 2. For national security reasons, I refrain from furnishing details of the individual or relative combat performance of either of these two types of front-line fighting weapons”.*

15 Was this the position also of the JIT?

R/ADM KAMERMAN: Yes indeed, we were not prepared to discuss technical details in a public forum, I then invited to present to the JIT a separate presentation where I would go into some detail if they required it, they did not require it, as I
20 said it was a completely specious allegation.

ADV LEBALA: Now let’s go on 149.5.3 page 92 Commissioners:

25 *“Whilst the Block 2 is the better, more modern missile, the MM40 Block 1 is not an “operationally useless missile’ as Young alleges, Young’s opinion*

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is plainly wrong. The Block 1 missile is a superb and deadly ship-killing machine and is still in front-line service today, ...”.

I mean are you talking about our country and other countries
5 [indistinct]?

R/ADM KAMERMAN: I’m talking about over 25 nations that use this missile in front-line service to protect their maritime safety.

ADV LEBALA: Thank you. Actually you complete that in
10 that sentence, but the last portion of the sentence is:

“In 1999 they came at a cost per round considerably lower than the Block 2 missile”.

Was this a risk factor or cost factor?

R/ADM KAMERMAN: No it was simply a cost factor, I use the
15 analogy further on. It’s, it is a case in normal commerce that when one upgrades a variant of anything, whether it be a motorcar or a missile, the previous version or class of that particular entity comes at a lower price. If a new model C Mercedes is on the market the price for the old Model C is,
20 even if they are brand new and standing still in the depots it goes down, similarly Aerospatiale’s marketing strategy was to upgrade the missile, they invested their own and French taxpayers’ money in this, they upgraded it in a relatively modest way because there is not a big difference between the
25 two missiles, but it was the new, it was the new kid on the

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block, it was the new version out there, so if you bought new missiles you would buy the latest version of that missile. In our case they still had available in their stores brand new Block 1's and they said if you [indistinct] the Block 1 you are going to save yourself a lot of money and you can use them for test missiles, it was an absolutely valid and welcome argument and we then split, instead of buying 17 Block 2's, we bought nine Block 2's and they had eight Block 1's available. The six by the way was wrong, Young must have read something, I don't know, he probably didn't know the full story but there were six Block 1's completely assembled and available for testing and there were a total of two, another two Block 1's available in components which could be, if we gave the green light, they would be assembled into missiles. We gave the green light.

ADV LEBALA: Thank you, actually you clarified paragraph 149 and 5.4, the clarity [indistinct] of 17 bought missiles instead of 32 and you explained in the self-same paragraph about the attractive option, because we would be saving tens of millions of Rand and it gave us a much cheaper way to expand these test missiles. Aerospatiale had six Block 1 missiles available and the Joint Project Team recommended that the first batch of surface-to-surface missiles should be split into nine Block 2's and six Block 1's. The Navy agreed and you saved a significant amount of money. Let's complete by

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reading 149.6 page 93 Commissioners:

5 *“Young alleges that in 2001, in the public phase of
the JIT, I referred only to the Block 2 and not the
Block 1 missiles. That is correct. I was not
prepared to discuss details of the SAN’s missile
inventory in public which were secret. In order to
deal with Young’s speculation in his Aide Memoire
to the JIT that the SAN had bought no missiles at
all, and was hiding that fact, I tendered a
10 confidential inspection to the JIT”.*

Now we go to the next paragraph “Allegations of Corruption in
the Joint Submission of Feinstein and Holden”. Page 93
paragraph 150, “The sub-contract for the supply of the
Information Management System (IMS) to be used in the
15 Corvette Combat Suite”. Now the Commission has said so
much about it, but let’s complete the picture thereof summary
and leave that which is not relevant, and the critical
importance of us traversing this paragraph, you will see it
simplifies explanation when we go back to those paragraphs
20 that we omitted to deal with that we deferred to deal with later.
Let’s look at 150.1:

*“At page 93 paragraph 1.6 of the Joint Submission,
it is alleged that:*

 150.1.1 *Thales and ADS played a role as the main
25 tender board in the selection of the IMS supplied by*

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their own group company, Detexis”.

This, the Commission have heard, actually it was invited by Commissioner Musi, I remember him being specific that Detexis had a relationship with GFC. 150.1.2:

5 *“The GFC ensured the selection of the Detexis IMS by claiming that the product offered by C2I2 was risky, thus attracting an unjustified risk abatement fee, without which C2I2 would have won”.*

150.1.3:

10 *“The categorisation of C2I2 Data Bus into category B, rather than category C, ignored the fact that the Detexis Data Bus was equally, if not more, risky than C2I2 Data Bus, a fact they say was confirmed in a Report on the Diacerto Bus, of which neither*
15 *the PCB , nor the Cabinet subcommittee were apprised”.*

Now you say these allegations are expanded upon paragraph 147 and following. Now page 94:

20 *“These allegations are false. I set out the relevant facts within my knowledge below”.*

Now at this stage we know that C2I2 Data Bus was IMS and Detexis was the Data Bus of Diacerto, am I right?

R/ADM KAMERMAN: That was the name given to the Detexis company for the ..., it was a trade name of the particular Data
25 Bus.

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ADV LEBALA: “The nature of the risk attaching to all Data Bus systems”. The Commission has heard about this, but because you clarify it so well let’s deals with it, it’s succinct, especially the main things. 150.3 page 94:

5 *“The nature of the risk associated with the Data Bus has been misunderstood by the critics”.*

150.4:

10 *“The Corvette combat system Data Bus was a highly complex engineering system affecting the whole of the Combat Suite performance”.*

Do you think that analogy that remained with Appendix B holds, if you can explain on this?

R/ADM KAMERMAN: Yes Sir, I do. But before we go further on this may I beg the Commission’s approval to return to paragraph 149.5.4 as I realise there is a mistake in my typing. 15
149.5.4, it’s at the top of page 93 and the last sentence, second, correction, the second last sentence: “... and the JPT recommended that the first batch of SSM’s should be split into nine Block 2’s and six Block 1’s” should read, “should be split
20 into nine Block 2’s and eight Block 1’s”. It’s not six, it was nine plus eight, just for the record please, otherwise I will be accused of lying to this Commission as well. If I could then answer your last question, ...

ADV LEBALA: Just a minute Admiral Kamerman, I see the
25 Commissioners are conferring, just a minute.

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NOTE: Caucus.

CHAIRPERSON: Thank you.

R/ADM KAMERMAN: Thank you Commissioners.

ADV LEBALA: Admiral Kamerman, let me refresh you,
5 actually what you say in paragraph 150.4, you dealt with it
yesterday, am I right?

R/ADM KAMERMAN: Yes, I did attempt to show how critical
the BUS is within the context of a complex warship combat
system.

10 ADV LEBALA: You also showed the relationship between
the combat management system and the Data Bus integration
with that analogy yesterday, am I right?

R/ADM KAMERMAN: I hope I did Sir.

ADV LEBALA: So you also dealt with what we see on
15 150.5. 150.6, that the Main Contractor retain full risk, you also
dealt with that, am I right?

R/ADM KAMERMAN: Yes, indeed. That's the critical, that's
the central point and it goes to the nub of the issue, there was
never a decision to select the Detexis on the basis of its
20 technical proficiency over the C2I2 Data Bus, it might have
been an issue of corporate and technical risk within the context
of the Main Contractor's obligations to us.

ADV LEBALA: Thank you, that has become clear, and I
beg your pardon that I interpose when you are still busy.

25 R/ADM KAMERMAN: No problem.

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ADV LEBALA: I beg your pardon. 150, what the risk entailed, I think the Commission has heard so much about it, I don't even think we should read it.

5 R/ADM KAMERMAN: I just want to make one other point of course that there's another risk here at stake, a risk that is never talked about in these commissions ...

ADV LEBALA: [Indistinct] yesterday about [indistinct].

10 R/ADM KAMERMAN: It's [indistinct], it's our soldiers in our service that depend on these things, this is not a failure or a company that goes bankrupt, this is [indistinct] and sea.

ADV LEBALA: Thank you. 150.8 page 95:

15 *"The Joint Project Team, fully supported by the Project Control Board and the International Offers Negotiating Team, required the Main Contractor to retain the full risk responsibility for the Data Bus at a vessel level. This necessarily meant that the Data Bus, regardless of the supplier, was categorised into Category B for which the main contractor was required to carry the full risk.*

20 *These categories of risk are described further below".*

I don't know whether I should traverse that because you know the Commission has heard so much about it, and what is significant is that your statement clarifies everything and simplifies it by building it concretely you know, to someone who

25

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is not even technical, but just ...

R/ADM KAMERMAN: Excuse me Sir, just to make the one point very clear, we're not talking about buses of equal maturity, we're talking about the technology demonstrated, never tested, never fielded, never installed in any warship and the other one, the mature product installed in many warships from a recognised supplier of these vessels, so it's not apples and apples, it's apples and pears in the first instance.

ADV LEBALA: Okay let's deal with the paragraph headed "The specific risk attaching to the C2I2 Data Bus", a foundation had been laid for ...

CHAIRPERSON: Advocate Lebala if you don't mind can I make a suggestion?

ADV LEBALA: Yes.

CHAIRPERSON: The previous witness dealt with these issues fairly efficiently, we now understand exactly what it means, we understand why the product of Richard Young was put into a particular category, unless if at all the witness wants to emphasise certain issues in this particular clause.

ADV LEBALA: In actual fact the witness wants to explain that the C2I2 Data Bus was a demonstrator and he, you heard about it Commissioners. As a report which is standing before you where I think there was an engineering team that was designated by the witness and Mr Fritz Nortjé to go and advise them about the merits and the demerits of the Diacerto Data

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Bus [indistinct] was considered, I think he traverses it and that report is standing before the Commission in File 2 page 632 to 636. Now these are the issues that are traversed here and most of which are common cause, I agree, unless you want to
5 take the Commission through specific points. Let's look at page 95.

R/ADM KAMERMAN: I certainly don't want to traverse all of the detail that has been already laid before this Commission, Commissioners, but I do give my evidence from a different
10 perspective than Mr Nortjé, secondly I'm directly accused by Mr Feinstein of criminal negligence in not raising the technical, the brief technical report to the PCB, he makes that statement several times and lists me at the end of his long submission, I say "him", referring of course to him and Holden, whereas of
15 course Mr Nortjé is not, so if you would allow me just to amplify a few points please Sir.

ADV LEBALA: Before you do that I would like the record to correct me, for instance I refer to page 632 to 636 as the preliminary report and the final report, those reports are in File
20 2, and I beg your pardon, just a moment Commissioners. Those reports are covered as Annexure "JK13" on page 645 to 649 and the other report is "JK29" from 641 to 643. We'll deal briefly with them when we close your testimony. Anything that you want to say quickly, please you could summarise.

25 R/ADM KAMERMAN: Yes, I would like to start by putting the

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BUS not only in perspective in maturity which I've just done, but also if you turn your attention Commissioners to paragraph 150, 150.15 where I ...

ADV LEBALA: Commissioners, it's page 97.

5 R/ADM KAMERMAN: 97, just to again put it in the context of what we're talking about here. I say that:

10 *"The Data Bus represented less than 1% of the total cost of the Corvette. Yet a failure of C212's 1% technology demonstrator sub-system would have critically placed at risk the contractual and operational performance of the remaining 99% of the vessel. Yet Young suggested (suggests) that either the Main Contractor or the State should have taken the chance and assumed the risk".*

15 Now what risk are we talking about? I'm not referring again to my statements yesterday which put the risk of the Data Bus in the context of the risk of the vessel, I'm talking about the risk that Young himself in writing to the main contractor fully acknowledged. Young said: "Yes, I carry a risk and if you give
20 me R15 and you allow me nine months' freedom after the signing of the main contract I will get my Bus up to a standard of maturity of working maturity. What was he was asking the Main Contractor to do, and by the way he also says that the Navy will be perfectly prepared or should be prepared to pay
25 this modest premium, I'm not sure where he was going to be so

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cavalier with State money, but nevertheless we were not, Chief of the Navy was not certainly. However, you cannot conceive where a Main Contractor signs for the contract of a ship of R6.5bn on a project that was the totality of the four Corvettes and the whole thing rests on whether the 20-man company in Kenilworth successfully develops and concludes that develop only nine months later and there is no way that the main contractor could have been asked to wait for nine months before he is aware whether the Data Bus, a critical component of the entire vessel is going to work or not. And Young states that categorically in the letters that I've recorded as annexures, so Young himself was fully aware that there was a risk.

Secondly, and I think that's the nub of the whole thing, we wanted C2I2 Bus on board because we fed this child for seven, eight years. As a result of him not placing a risk premium in his offer to the Main Contractor we were left with this [indistinct], he was the only company of the 18 South African companies that bid their systems to the main contractor, that did not allocate a risk premium for the development of these systems. I've listed in my statement a whole list of companies such as Denel which accorded almost a R100 million because the [indistinct] was immature, and they put that in their price and that was the price the State was actually going to have to pay through the main contractor.

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Richard Young never put a cent on top of that because he said: "My Bus is technically proficient, it's my Bus, it arises from my work being done as a PHD and it has no technical risk". We tried very desperately to convince him that it was not so and it was not a technical risk per se of getting data from one point of the vessel to another, it was the corporate risk of the main contractor having to assume the risk of performance with his Bus, his immature Bus on board. As a result of that it was decided that senior members of the Navy and ARMSCOR, in this case the CEO of ARMSCOR and our Navy officer just below the Chief of the Navy Admiral Howell to go and try to reason with Richard, we had tried to reason with ...

ADV LEBALA: May I interpose Admiral Kamerman, the Commission has heard that, I assure you, we have heard it, and this point that you are now emphasising I think it has struck accord with the Commission, I thought that we are trying to address positively what is seen in paragraph 150.15 on the 1% that we laid the foundation on yesterday. You completed the picture now, I would like us to part ways with it. What is significant is that the C2I2 IMS Data Bus got to be classified at a category B. Page 98 common cause, page 99 common cause.

CHAIRPERSON: I'm sorry Advocate Lebala, maybe let me say this to the witness, the evidence that you wanted to lead now regarding the meeting that the staff of ARMSCOR and/or as a Navy had with Mr Richard Young in Cape Town, we are

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aware of it, the previous witness has already testified about it. Is there any other thing that you want to add which you think it relates to you personally as far as the allegations that were made by Mr Young?

5 R/ADM KAMERMAN: Yes, the allegations made by Young is that we cheated him and we assisted or colluded with, or corruptibly intervened to allow the Main Contractor, in this case ADS, or part of the Main Contractor to disclose his BUS, that's simply not true, we bent over backwards, we had many
10 meetings other than the one that is being reported to you, Fritz Nortjé and myself, Lewis Mathieson begging our friend and fellow industrial partner for the last eight years Richard Young, please see reason Richard, put, go and get the necessary risk cover and then we can start talking. When he refused finally I
15 then instructed myself and my colleague, Mr Nortjé instructed our technical team, well we had a look at the alternative, we had no choice, go and see that it's okay, whether it's possible for you to conceive of this alternative thing called Detexis Bus, they came back and they said yes, it's possible, and then we
20 started considering that as a real alternative, but only very, very late in the day did we include Richard Young's BUS as a contractual baseline because certainly the PCB still wanted that second chance, they wanted to give Richard the best chance possible to reconsider, he refused to do so, there was
25 no choice in the matter, we went with the Detexis BUS and it

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was a good technical decision.

CHAIRPERSON: Thank you. Advocate Lebala, you can continue.

ADV LEBALA: Thank you Chair, please draw my attention
5 esteemed Commissioners if you think I'm rushing the witness.
I assure you Admiral Kamerman that this Commission would
give you all its latitude in hearing [indistinct] the point that
your selfless energy of preparing such an adequate statement
does not fall by the wayside, if you want to traverse anything
10 you will be given an opportunity. I'm left with five pages that I
want to congest and these five pages deal with some of the
most controversial issues, the report on the Diacerto Data Bus,
the [indistinct] report and the final report in the PCB
information session, and then I'll go to those outstanding
15 issues. Can we just deal with these loose points that we have
to concretise to complete the whole picture. Page 100 "The
Report on the Diacerto Bus", I take it that the Commission has
heard about it. Let's tell the Commission what the critics are
saying, page 100 paragraph 150.26:

20 *"In paragraph 1.6.7 of the Joint Submission it is
alleged that a "Report on the Diacerto Bus; of which
neither the PCB, nor the Cabinet sub-committee,
was apprised, confirmed that the Detexis Data Bus,
called the Diacerto , was equally, if not more, risky
25 than C2I2 Data Bus. At page 149 of the Joint*

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5 *Submission it is alleged that I was a member of the
PCB and that I should have submitted this report to
the PCB. The PCB thus made a decision with
insufficient knowledge, also because it was not told
10 that the Detexis was a Thales subsidiary. At page
159 of the Joint Submission, it is alleged that I was
implicated in corruption in failing to submit ‘a
vitaly important document to a selection institution
(the Project Control Board) that may have had a
10 material impact on the selection of the
subcontractor to provide the Information
Management Suite’.*

Let’s start here. Wasn’t your advantage that Detexis was a
Thales subsidiary when the consideration was made on to
15 choose between the integrated management system, Data Bus
of C2I2 and the Data Bus Detexis’s Data Bus Diacerto?

R/ADM KAMERMAN: No, that was not a consideration at all.
The only consideration was in the maturity of the bus and the
weight, the experience-weight, the commercial weight and so
20 on of the offering company or companies in this case if you
want to compare C2I2 as a company to Detexis as a company.
We were offered the BUS as an alternative after we urged and
instructed the main contractor to offer our BUS alternatives to
come within the budget and we were offered this BUS from what
25 was Dassault, Detexis, now recently owned, we weren’t even

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aware at the time that it was owned by Thales, because it had been bought in the previous weeks, the Thales Detexis company, and we were offered that on the 26th of May in the best and final offer. My response was, and that of my
5 colleague Fritz Nortjé was immediate, we don't consider this until we have inspected it technically, so Fritz and I instructed our trusted subordinates who were directly responsible for the engineering of the Data Bus Mr Lewis Mathieson, engineer from ARMSCOR and Lieutenant Commander Andrew Cothill, engineer
10 from the Navy, and by the way both of these individuals are specialist engineers in Data Bus and data transmission and combat management systems. Our direct instruction was exactly in *verbatim*: "Chaps, go and have a look at this, come back to us immediately, don't consider risk, don't consider
15 costs, would you just come back to us and tell us two things, would it be able to do the job and does it meet our architecture requirements?" because there are BUSES with different ..., for example the Russian Data Bus uses Russian technology, it would never integrate, so in this case we said go and meet
20 Detexis, get a briefing on the BUS, come back to us with a report [indistinct] that will it do the job, will it comply with the architecture.

ADV LEBALA: Let me assist the Commission by just going directly to page 641 of File 2 and of course we've already
25 traversed the report on the Diacerto Bus, this is a very critical

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annexure in line with what you say. Please talk to what we are seeing now in relation to paragraph 150.30 on page 101 and what we see on Annexure “JK9”, “JK29” page 641.

R/ADM KAMERMAN: Yes, ...

5 ADV LEBALA: 643. I’m not going to allow you to read each and everything there, I will take you through the relevant parts, but explain to the Commission, for instance if the Commissioners look at page 101 paragraph 150.30 they will see the names that were mentioned of Mr Mathieson and Lieutenant
10 Cothill that you directed Mr Fritz Nortjé to go and obtain further information. Now that further information in relation to Annexure “JK29”, please explain it.

R/ADM KAMERMAN: Yes Commissioners, our worthy and highly capable engineers had the meeting with Detexis
15 representatives, they came back and they wrote a report, that is the Annexure 641 to 644. The very first line after the introductory paragraph says:

20 *“From the outset it has to be said that Detexis, a former Dassault is very knowledgeable and that the proposed LAN (Local Area Network/Data Bus) complies to the architecture proposed on 07 April ...”.*

That was ADS’s architecture:

“... and will do the job required”.

25 I also wish to say that this entire report, every single word of it

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5 *verbatim*, all four pages was included in Richard Young's Aide
Memoire to the Joint Investigation Team in 2001 with one very
important difference, he simply left out to the Joint
Investigation Team that very line that I've just quoted, he
deleted it, and of course he was excoriated by the DoD and all
of the learned legal teams defending the DoD and ADS and so
on. In other words Richard [indistinct], he left out the very
sentence which, even if he had left it in it would counter his
entire argument and he included the entire rest of the report.
10 Now what was the rest of the report?

Our engineers had been working for seven years,
for seven years our engineers Cothill and Mathieson had been
working with C2I2. Naturally they were completely au fait with
the C2I2 BUS and naturally they had certain things to say
15 about the, let's say the beauty of the BUS, not the sex of the
BUS, ...

ADV LEBALA: Admiral Kamerman, may I interpose just to
have the Commissioners to come along with us. I would like to
draw the Commission's attention to File number 2 page 641,
20 page 641 Commissioners. You will see that the document is
headed Annexure "JK29", the report on the Diacerto BUS
proposed by the South African Navy of Project Sitron. Now
paragraph 1:

"This report is intended ..."

25 CHAIRPERSON: I'm sorry Advocate Lebala, if you don't

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mind, I was having a caucus with Judge Musi here, we just want to understand some aspect of this report. The witness said that this portion which ends up with the sentence which reads like "and will do the job required" and he said that this portion
5 was deleted.

R/ADM KAMERMAN: Correct Sir, it was deleted and Michael, Mr Michael Cooper pointed that out and in fact Mr Young was cautioned by the Public Protector not to go any further into it less he be accused of, let's say not being forthright to the
10 Committee, to the Commission.

CHAIRPERSON: Thank you. Thank you Advocate Lebala.

ADV LEBALA: I'm satisfied that the Commissioners were just on the same page with you Sir.

R/ADM KAMERMAN: Yes, but may I proceed with describing
15 the rest of the document? The rest of the document is our junior, our subordinates' description to their bosses of the warts and the spots of this new thing that they were considering. However, it was a preliminary report, they then further went on when they came back to us, our good men said
20 to us: "Gentlemen, it will do the job, its architecture, but it's got warts and spots, we don't like this, we don't like that" and we said, and we said well are you certain of that, and they said no, because all we had to do was verbal information and some brochure information, they didn't even have a technical
25 description of the BUS to read, it was verbal from the Detexis,

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not Detexis engineers, Detexis marketing people that were available. So we said well that's not good enough technically, and we agreed with you, go and have work sessions, technical work sessions with their engineers and we asked and required

5 the main contractor to send the engineering staff to South Africa and the engineering staff, the designers of the Detexis BUS sat with our guys on at least two work sessions, the most important one was the 6th, that was the 15th and 16th of June. In those work sessions the designers of the Detexis BUS and

10 our engineers poured over the details of the BUS, many, in many respects their fears were completely allayed, for example it was not a slow BUS, it was much faster than Detexis [indistinct] Ethernet, I won't go into the technical details, it was not a point-to-point system as Mr Feinstein, not a noted

15 Data Bus technologist alleges in his allegations, Feinstein goes to absolutely details such as Jitter, data, Data Bus, the technology, I don't know how he is going to answer those in his own submission to this Commission, but nevertheless. In fact as I said yesterday it's all a proxy for Young in any case, but

20 nevertheless our engineers declared, and they wrote a subsequent report confirming that declaration which is in fact the next, the next ...

ADV LEBALA: Commissioners, it's Annexure "JK31", I beg your pardon, "JK30" on pages 645 to 648. The witness is

25 drawing your attention to that document. You may proceed.

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R/ADM KAMERMAN: Sir, thank you. What I'm saying is they wrote a subsequent report when they really got into the detail of the Detexis BUS and that in many cases allayed or [indistinct] or diluted some of the negative factors they said in their preliminary report, and in fact they concluded that the Detexis BUS would actually be okay and it would perform as well as the C2I2 potential could perform, but I want to make a very clear statement to this Commission, their decision of which BUS to include in the main contract for baseline [indistinct] never turned around the technical relativity, the technical performance between the two BUSes, we were satisfied that the Detexis BUS and the C1I2 BUS were at least equal but they were different. I think Mr Nortjé used the analogy before this Commission of a petrol car and a diesel car, they're completely different but they do the same job. So I'm not here at all to decry C2I2's Data Bus other than to state the reality that it was not a mature product, but we'd worked long and we'd worked hard and there is certainly no reason to doubt at all; that Richard Young's BUS was adequate technology, not mature but adequate technology.

ADV LEBALA: Thank you Admiral Kamerman, thank you. [Indistinct].

CHAIRPERSON: Just hold on Advocate Lebala, let him just finish the point that he was trying to make.

R/ADM KAMERMAN: I'd like to make the point because it is

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absolutely germane to a very [indistinct] allegation made against my person, that I failed to bring the technical details of the evaluation of the Detexis BUS, this preliminary document to the Project Control Board. Yes, I did not bring those technical
5 details and neither did my colleague, because these were technical details which were outside of the scope of the Project Control Board's milieu. The Project Control Board was a control board for strategy, for contracting, for costing and so on, what we were saying to the Control Board that both BUSES
10 would do the job and that was adequate for me.

The issue revolved around corporate risk, we could either have [indistinct] with C2I2 BUS with a huge risk apportionment, in other words cost to us, but also risk of failure of the entire programme or we could have the Detexis
15 BUS without those commercial conditions or implications and neither corporate risk because the [indistinct] advantage, and I think you referred to that earlier Mr Lebala, was that Detexis cannot be compared to C2I2, Detexis is the, even today, still the world's foremost producer of Naval combat, in fact combat
20 Data Buses, naval, air, land and so on, it's a huge engineering company and it had been bought as an asset, as an acquisition, a good acquisition by Thales, respectively the world's third biggest producer or supplier of military combat systems.

So, we had no doubt at all that Detexis within the
25 arms of Thales and supplying to the local contractor ADS, as

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part of his obligations within the Corvette Combat, Corvette Supply Terms was absolutely not a technical or a commercial risk, but I reiterate that the issue never revolved around the technicalities between the two BUSES and therefore we had no cause at all, it didn't cross my mind to bring these technical details of this, the differences between one BUS and the other when they were both adequate, to the Project Control Board, what the Project Control Board had to be appraised of, and we did so, that we couldn't live with the risk of the C212 BUS or even the Detexis BUS in Part C, we couldn't bring it down to Part C, and that's another issue if I may just one quickly, we never made the Data Bus a Part B system, all systems were Part B, because all systems were the responsibility of the main contractor. Part C was taking some of those systems that we could live with, guns *et cetera*, that I explained yesterday, into a new category of risk where we shared [indistinct] Part C. So we never, neither ADS nor the State took the Data Bus from Part C and put into Part B, Part B was just the [indistinct] of those items that remained within the risk portfolio and responsibility of the Main Contractor.

ADV LEBALA: Thank you Admiral. There are two issues that have to be clarified with that [indistinct] analogy. Please look at Annexure "JK29", page 641 only, and "JK30", page 645 only. I want to draw your attention to paragraph 2 on page 641 starting with: "During a two day work session over the period 3

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to 4 June 1999 ...”, and I want you to go to page 645 paragraph 2, it says:

“During a two day work session over the period 3 to 4 June 1999 ...”.

5 Now is there anything that refreshes you about these dates, why are they similar? Remember one; the report, one report is preliminary and the other follows on it.

R/ADM KAMERMAN: Yes. The ... Sorry. Yes, I have to at this juncture excuse my good engineering friends Mathieson and Cothill, when they report, when they compiled the second
10 report they repeated the entire first report and then at the end of that they go on to then report on further information that they have received and that’s at the bottom of page 647 and going over, no I beg your pardon, not on the bottom of 647, the
15 middle bottom of 648 where they go on to amplify the BUS as a result of knowledge that they had acquired through these work sessions, they are recorded on the, the most important one being on the 16th of June. And in those further notes on the Detexis BUS they in fact allay many of the architectural and
20 technical features, but quite frankly even if they had not progressed to, let’s say make the Detexis BUS appear better, we would still have had exactly the same risk scenario before the Project Control Board, because even the Detexis BUS as they originally thought it was, the performance of the Detexis
25 BUS would have been adequate and would have done the job.

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As it transpired it was much, much better than that, so it was a score again to us technically but it had no bearing on the relativity of the corporate risk, at the end of the day even if the Detexis BUS was not as technically proficient as the C2I2 potential BUS, bearing in mind that I use the word "potential", because it had never been demonstrated but nevertheless, we've [indistinct] scenario and we would still have had the Detexis BUS on board today, the one simply represented a corporate risk that was unacceptable to this day, [indistinct] did not.

ADV LEBALA: Thank you. If I were to be specific, would you say that recommendation was made to the PCB about the preference of the Diacerto, Detexis Data Bus?

R/ADM KAMERMAN: No, we did not make a recommendation about that, what we did is we recommended strongly that the BUS be retained, the Data Bus be retained or be categorised as a part of the system. If that was so then the cost premium of the C2I2 BUS [indistinct] was too high for the State to bear because another R42 million I don't know where we would have got that money, if we had the money we could have [indistinct] some missiles or some other functionality that the Navy had very reluctantly reduced. We would not have paid that premium without any reason to [indistinct] that premium other than to provide Richard Young with a fifth contract on the SDPP phase as I reminded you yesterday and [indistinct] yesterday he got

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four of the seven that he tendered for.

ADV LEBALA: Then from what you say I'd be right to say the PCB was made to consider Diacerto Detexis Data Bus because of the risk and cost factors?

5 R/ADM KAMERMAN: That's correct Sir, the corporate risk, not technical risk.

ADV LEBALA: Now was that consideration not a recommendation?

10 R/ADM KAMERMAN: Well, [indistinct] we evaluated, we ... I personally presented on the 19th and that's something I'm sure you are going to come to, where we informed the leadership about what we meant by Part A, Part B and Part C risk sharing contractual arrangement. I wasn't personally at the PCB and neither presented to the PCB on the 24th, the next week, as I
15 was on course, the project officer at the time was Captain Kevin Watson. However, I fully agree with the PCB's recommendations and their ratification.

ADV LEBALA: Now would I be right to say the considerations and/or recommendations to go with the Diacerto
20 Detexis Data Bus were not technical?

R/ADM KAMERMAN: No they were not Sir, provided that the Detexis could do the job and we had been affirmed that it could do the job.

ADV LEBALA: They were also not on commercial
25 grounds?

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R/ADM KAMERMAN: It was not at all on commercial ground, it was on the cost grounds, the overall cost grounds of the risk cover or the risk apportionment that the main contractor added to Richard Young's BUS.

5 ADV LEBALA: But that's where I would like you to clarify something that has been of great concern. We are done with your testimony under this heading. Look at page 102 paragraph 150.36. I would like to read that paragraph to you so that we should deal with one or two questions. Page 102
10 Commissioners, paragraph 150.36:

"It is alleged that neither Mr Nortjé nor I presented to the PCB the technical report from our engineering staff on the highly technical differences in the two combat system Data Bus options on offer. These allegations reveal the fundamental misunderstanding of the nature of the PCB and our reporting to it. The PCB was neither a technical review board, nor a middle-management forum to adjudicate on the technical detail of sub-systems being considered for inclusion in the contract technical baseline".

15
20

Let's pause there. You agree that the PCB was a decision-making body?

R/ADM KAMERMAN: Yes, it was.

25 ADV LEBALA: We've read its constitution and it confirms

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that ... Now let's read further:

"It was a top management control board for the strategy and direction of the project".

That comes from its constitution and what it does as its
5 function, the Commission has heard so much about it.

*"We thus reported the strategic issues of the technical negotiations to the PCB such as costs, overall progress/problems, evaluations of the major equipment, pricing, contracting structures and
10 contract risk issues, but not technical issues".*

Now would you agree with me that when you were doing that you were assisting the PCB to make a decision?

R/ADM KAMERMAN: That's correct, that was our obligation under A.

15 ADV LEBALA: Now doesn't Mr Young [indistinct] that if you look at what I've read to you in 150.36 and you say no, no, the PCB cannot be bothered about this information because it was neither a technical review board, nor a middle-management forum to adjudicate on the technical detail of subsystems being
20 considered for inclusion in the contract technical baseline.

R/ADM KAMERMAN: That's correct.

ADV LEBALA: But it doesn't make the decision in the abstract, it has to be informed and educated, am I right?

R/ADM KAMERMAN: Absolutely and they didn't do so on the
25 BUS, we didn't talk about the BUS's technical detail to the

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PCB, we said if you take this BUS from C2I2 and you put it in category B or you categorise it as category B, then there's a risk, a serious corporate risk that arises and secondly there is a risk premium to be paid to cover that corporate risk. At that stage the risk premium was R42 million, so it was a very easy decision for the Project Control Board to make, there was no advantage at all other than an additional contract to a local sub-supplier, but with a huge disadvantage of a massive amount of money and subsequent corporate risks with an immature BUS.

The main contractor never withdrew C2I2's BUS from the competition, they always offered C2I2's BUS right up until the best and final offer, but with an alternative it was cheaper and less risky [indistinct]. I can tell you now that as a representative of a major contractor that the GFC, ADS would have been overjoyed to that the State undertake risk for the Data Bus because they would have been absolved of any risk and any subsequent claims for damage or performance or liabilities relating to the BUS, but as I explained yesterday you cannot separate the BUS from the Main Contractor.

ADV LEBALA: But let's pause there. Let's pause there. I think you are ducking my question. Let me understand. Mr Fritz Nortjé is an engineer, am I right?

R/ADM KAMERMAN: A very competent one Sir.

ADV LEBALA: Who had been invited to the presentations

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before the PCB.

R/ADM KAMERMAN: Yes, indeed he was.

ADV LEBALA: I can take you to the minutes, let's not waste time, where he went before the PCB on technical issues, do you agree?

R/ADM KAMERMAN: Yes, there were technical issues laid before the PCB but not at the level of discussing the proficiencies of this BUS with [indistinct], absolutely not, not to my knowledge. I could have produced to the PCB many, many presentations on selections of radars, of missiles, of sonars, we never went into the technical details of the differences between the two competing entities or the three competing entities at all.

ADV LEBALA: But that's where I have a problem because I could take you to the minutes that shows that the PCB was informed about the distinctive differences between the integrated management system C2I2 Data Bus and the Diacerto Detexis Data Bus by the engineers who were there.

R/ADM KAMERMAN: I beg your pardon Sir, the PCB?

ADV CANE: Commissioners, I wonder, in fairness to the witness the lunch adjournment is very close and I think it would be fairer to the witness if my learned friend actually located the document to which he is referring and allow the witness to comment on that.

CHAIRPERSON: Yes, I was just saying to my commissioner

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that I also can't follow the question. I simply can't follow your question Advocate Lebala. You are referring to a particular minute, I see it's already 13h00, we are going to take the lunch adjournment, during lunch locate that document that you are referring to and then from there you can proceed with the witness.

ADV LEBALA: Thank you Chair. Thank you.

CHAIRPERSON: We'll adjourn for lunch.

(Commission adjourns.)

(Commission reopens.)

CHAIRPERSON: Thank you.

NOTE: Witness confirmed to be still under oath.

CHAIRPERSON: Thank you. Advocate Lebala.

ADV LEBALA: Thank you esteemed Commissioners. Mr Kamerman, I just want us to go back, I just want to clarify one aspect that came up that was raised by the Commissioners. What has become common cause is that the issue of considering, now I'm not going to use recommending, of considering the Diacerto Detexis Data Bus was not based on commercial considerations or technical consideration, firstly it was based on the risk factor, am I right?

R/ADM KAMERMAN: That's essentially correct Commissioners.

ADV LEBALA: That's clear, I think [indistinct], but the concern raised starts from what we see on page 102, 150.36.

Now bearing in mind that issues of technicalities did not come

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into the picture, that has become clear, the Commission has been taken through evidence that demonstrate that the risk and cost actually became a [indistinct] factor [indistinct] Detexis Data Bus was considered but listen to what you say here, and in all fairness to Mr Young I would like to know whether you agree with that, page 102 paragraph 150.36:

5
10
"It is alleged that neither Mr Nortjé, nor I, presented to the PCB the technical report from our engineering staff on the highly technical differences in the two combat system Data Bus options on offer".

I agree there was no need, because the issue of technicality [indistinct], that I agree. That I agree because the consideration was the question of risk, hence the Detexis Data Bus was looked at as [indistinct] Data Bus was looked at [indistinct].

15
R/ADM KAMERMAN: No, if I may interject. Both BUSES were, remained in category B, neither of the two BUSES were [indistinct] category C.

20
ADV LEBALA: Thank you, then I stand corrected. It's okay what I [indistinct] that refers to [indistinct] category C, an expert of your calibre. Let's look at them as category B, but what is [indistinct] significance it's a risk factor.

R/ADM KAMERMAN: Correct.

25
ADV LEBALA: Now [indistinct] Commissioners:

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“These allegations reveal a fundamental misunderstanding of the nature of the PCB and our reporting to it”.

That’s why [indistinct]. If we look at the functions of the PCB,
5 I’m not going to waste time, you did agree there is a decision-making body which needs to be better informed before it makes decisions.

R/ADM KAMERMAN: That is ..., hence if I can draw your attention to my “JK18”.

10 ADV LEBALA: It’s okay, it’s alright, it’s okay.

R/ADM KAMERMAN: Well, it’s fundamental actually because I reported on the 28th of May, 27th of May to that same [indistinct] body, the PCB, Dassault Data Bus or Dassault [indistinct] Detexis because it used to be owned by Dassault,
15 Dassault Data Bus now offered in place of the C2I2 BUS. “Project Team awaiting full specification and system architecture duplications before this can be deemed to be acceptable”, and I’m quoting from page number 471, that is “JK18”. So we didn’t, we were not silent on the BUS at all, it
20 was a fundamental decision point, but we merely said on the 27th of May, a very good demonstration because it’s exactly, it was a few days later if you remember the 3rd and the 4th during meetings with Detexis, [indistinct] first checking it up before we deem it acceptable and even consider it.

25 ADV LEBALA: You are not addressing my question, you

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are at a tangent. Part of it is correct, all that I'm trying to address you is would I be correct in saying what you are saying in this paragraph, the PCB, line number 5:

5

"The PCB was neither a technical review board, nor a middle-management forum to adjudicate on the technical detail of subsystems being considered for inclusion in the contract technical baseline".

I don't think you are saying it doesn't receive technical submissions.

10

R/ADM KAMERMAN: No, no, I'm not saying that at all. What I'm saying is the PCB's function was not that of the JPT, the JPT's function was to adjudicate on technical matters and to bring those recommendations to the Project Control Board, which we did. It was not for the Project Control Board to assess the BUS [indistinct] between [indistinct] FDDI BUS of Richard Young and the fast Ethernet BUS of Detexis, they didn't have the competence and they wouldn't have done so.

15

20

ADV LEBALA: Thank you. But even if you did not use the word "adjudicate" the PCB has to decide on the technical issues.

25

R/ADM KAMERMAN: Indeed the PCB, the word "technical" includes all matters that are not commercial or Industrial Participation, so in this case the PCB as a creature of the IONT and the IONT was particularly constituted so that Mr Swan headed up the technical baseline or the contractual, the

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technical contractual negotiations.

ADV LEBALA: Thank you. Thank you, thank you, but that's why the constitution of the PCB would mention the following, it directs the overall project acquisition strategy, it determines or clarifies [indistinct] policy as it may impact the projects. It provides guidance and direction to the project teams, it monitors [indistinct] decisions but significantly it makes decisions or obtain higher level authorisation concerning matters outside of the responsibility for the project team. But let's pause there. Isn't it the reason why the engineers do appear before you?

R/ADM KAMERMAN: Yes. In this case engineers in their capacity as managers [indistinct] acting as the ARMSCOR programme manager of Sitron. I'm not an engineer, I'm an operational officer and I was the project officer, so not in my knowledge was any engineer ever called to give evidence to the PCB or to give, submit reports to the PCB as an engineer, but what you just read about the PCB's functions were perfectly correct.

ADV LEBALA: Thank you for the additional information but it's common cause that Mr Fritz Nortjé himself went to prepare a report because of his engineering background.

R/ADM KAMERMAN: No Sir, I would not say that, he prepared a report as the ARMSCOR programme manager, there's no technical detail in that report.

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ADV LEBALA: Fair enough. That report was prepared with a view to assist the PCB, am I right?

R/ADM KAMERMAN: Absolutely, and I did.

ADV LEBALA: Yes. But now let's get to the point. What
5 has become clear is that there were PCB meetings where the PCB dealt with technical issues. Do you agree?

R/ADM KAMERMAN: No, I don't agree on that, no any technical discussion ever, the PCB on the merits of one piece of component *versus* the merits of another piece of component,
10 electronically or mechanically.

ADV LEBALA: Now you are ...

CHAIRPERSON: I'm sorry. Advocate Lebala, I think I must point out you have now put this question several times to the witness that the PCB was dealing with technical issues. He
15 said on several occasions no, maybe don't ask that question again because otherwise we are turning around on one issue.

ADV LEBALA: Thank you. I want to refer you to the minutes of the PCB and demonstrate to you that the PCB dealt with technical issues. Without wasting the Commission's time
20 there's a minute of, the minute dated 23rd March 1999, it's a minute of a meeting of 08, you may write it down, it's on record, it's in the bundle of Mr Fritz Nortjé, there is a bundle of Mr Fritz Nortjé that dealt with the PCB minutes, it's in page 31. Actually it starts on page 31, it goes to page 34, it's a
25 PCB meeting dated 23 March 1999 which captures the minutes

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of a meeting of 081000BMarch1999. Now you were present for that part of the meeting and even Mr Nortjé was present. Now something that comes up at that meeting, in paragraph 19, you may make a note, on page 34 there's a paragraph headed

5 "Technical [indistinct] and Progress". Now fortunately or rather unfortunately the subject is submarines.

R/ADM KAMERMAN: I can't answer for that matter.

ADV LEBALA: No that's not my point, my point is the PCB looks at Project Sitron and Project Wills. You were present in

10 those meetings when both projects were dealt with. It's not a question of whether it was in the context of submarines, I'm not even going to ask you questions as to what the details are, that technical progress was, the issue is the technical progress report was presented before the PCB, that's all that I'm trying

15 to draw your attention to.

R/ADM KAMERMAN: I have no knowledge of that report Sir, I can't remember what it contained and I have nothing to say about it, it was another project.

ADV LEBALA: Fair enough, but let me complete by saying

20 to you under that paragraph 19 it is said, and I see my learned colleague seems to have found that minute.

ADV CANE: Commissioners, it may be of assistance to know that the minute appears at page 606 of Volume 2 of the files that are currently before us and that may assist us to

25 follow [indistinct].

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ADV LEBALA: Commissioners, I'm indebted to our learned colleague, this explains the importance of receiving these files timeously. We scanned through the minutes because there was no need for us to deal with them [indistinct] as to why we couldn't locate this minute. Now let's look at this minute Commissioners, starting on page 606. If you look at the top the date is the 23rd March Commissioners, 1999, and minute is headed: "The Minutes of the Project Control Board Meeting held at DAPD on 081000B March 1999 to review Project Sitron, Wills and Maulstick". Can you see that the PCB deals with all the projects?

R/ADM KAMERMAN: As the project officer Maulstick and the project officer of Sitron, yes, I certainly can.

ADV LEBALA: Then you will know at one time you were the project director of both projects, am I right?

R/ADM KAMERMAN: After the conclusion of these contracts, I was.

ADV LEBALA: Yes. Now you were present, let's look as to whether you were present or not. For instance if you look at the top Mr Shaikh was present, Admiral Simpson-Anderson was present, present for part of the meeting is yourself, can you see?

R/ADM KAMERMAN: Indeed.

ADV LEBALA: I see Captain Reed, the project officer of Project Wills below you, and towards the bottom is Mr Fritz

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Nortjé.

R/ADM KAMERMAN: Yes.

5 ADV LEBALA: Now go to page 609. In all fairness look at paragraph 19 item 6, the subject is headed "Submarine", I'm not going to the content.

R/ADM KAMERMAN: Yes, but I wasn't there Commissioners. If you look at the note it said: "Members of the Corvette Team Withdrew", that included me.

10 ADV LEBALA: But that's not the issue whether you were there or not, the issue is what does the PCB deal with? I'm just trying to draw your attention that it's in front of you, look at page, paragraph 19. Can you see that it's headed "Technical Progress"? Look at page 609 paragraph 19 under the item 6 headed "Submarines". Can you see?

15 R/ADM KAMERMAN: I can.

ADV LEBALA: Okay. Look at paragraph 19, please read it for the record.

R/ADM KAMERMAN: Paragraph 19: "Technical Progress".

ADV LEBALA: Now proceed.

20 R/ADM KAMERMAN: *"The project officer gave a briefing on the technical progress (see Appendix E)".*

25 ADV LEBALA: It's okay, you can pause there. We are not going to waste time by even going to Appendix E, but can you see that the issue of the technicalities comes in? Can you see that?

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R/ADM KAMERMAN: I certainly can see that yes.

ADV LEBALA: Now I want to refer you to another minute that deals specifically with Project Sitron where you were involved, where technicalities were dealt with. Before we proceed I think the Commissioners are conferring, we'll start ...

COMMISSIONER MUSI: No you can continue, you can continue.

ADV LEBALA: Okay. I don't know whether this minute, my colleague has been combing but ... My colleague Mr Ngobese has been combing to see whether it's in the current bundle, but in the Fritz Nortjé bundle the minute is on page 54, it starts on page 54.

R/ADM KAMERMAN: Of my minutes, of my witness ...

ADV LEBALA: No, no, for the record, of ... Not your [indistinct], beg your pardon Admiral Kamerman, I think we are trying to get our colleagues to assist to locate it. It's in the Fritz-bundle of PCB minutes starting on page 54 and it ends up at page 59. Before you even look at the appendices, but the relevant portions, I'm going to draw your attention to it. On page 54 we see that, I see that my colleague is scrolling to see whether she could assist us. It is dated the 25th of May 1999, it's headed: "The Minutes of the Project Control Board Meeting held at DAPD on 281045BApril1999 to Review Project Sitron and Wills". I see that you were present at that ...

R/ADM KAMERMAN: No, I have looked at my bundle.

ADV LEBALA: You do have it?

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R/ADM KAMERMAN: Yes.

ADV LEBALA: Page?

R/ADM KAMERMAN: It was the PCB on which date, it was April?

5 ADV LEBALA: It's ... The minute is dated 25th May 1999 but it's on 281045BAPR1999.

R/ADM KAMERMAN: April. It's the minutes of the April PCB meeting in other words.

ADV LEBALA: Yes, which page is it?

10 R/ADM KAMERMAN: I don't know now where I saw it.

ADV LEBALA: But I'm going to request the Commissioners to take us into their confidence because you are the last person [indistinct] Commission. I just want to read through because we don't want to waste time. We just want to illustrate the principle, it's not [indistinct] testimony. Nothing turns around it except to clarify this in all fairness to Mr Young, that's all [indistinct] because the [indistinct] drawn only specifically on this point. I would like to draw your attention to page 56, please look at Mr Fritz Nortjé's [indistinct], it seems so, I don't know whether our colleagues have located it.

15
20 R/ADM KAMERMAN: I would like it in front of me before I respond.

ADV LEBALA: Well, I'm going to beg indulgence to the Commissioners to allow us just to illustrate the principle [indistinct] because that's not important. I could give you a

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copy after I've drawn your attention to it. I see the Commissioners are conferring.

CHAIRPERSON: Advocate Lebala, you are the only one who has got that document, I wasn't aware that you were going to
5 read from the documents in Nortjé's file, so the easiest thing for you to just, to read that into the record.

ADV LEBALA: Thank you Chair, actually expediency [indistinct] and I am indebted to your judicial instincts. Now I'm going to page 56, the relevant portion, paragraph 15 is
10 headed "Combat Suite", the relevant portion is paragraph c "Foreign Procured Items", "The Project Officer ...", who I know is yourself:

*"... provided the technical evaluation results pertaining to very technical issues, the surveillance and [indistinct] acquisition [indistinct] hull mounted
15 sonar HMS options i.e. the best and final offers which had been received through the German Frigate Consortium on the 20th of April 1999".*

Now I don't have to delve deeper into it, the technical issues
20 were also addressed.

R/ADM KAMERMAN: [Indistinct]. The PCB was *inter alia* considering the technical baseline [indistinct], so most of the things they considered were under the so-called description as technical, technical as opposed to commercial, as opposed to
25 industrial participation. There is a good, you just raised an

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excellent example of what I've been trying to tell the Commission for some time this afternoon. Those decisions laid in front of the PCB for the selection between an ATLAS sonar and the Thales Sonar and the Italian [indistinct] sonar between
5 a Thales radar and an Ericson radar and a German Dassault radar were exactly what was laid in front of the PCB but not the technical details of the evaluation and the, for example a description of the difference between the range of the one radar *versus* the detection range of the missile of the other
10 [indistinct] and so on and so on, what was laid in front of them was that we have evaluated these [indistinct] and we were recommending that one and the PCB said yes.

ADV LEBALA: Thank you. Thank you.

R/ADM KAMERMAN: Now excuse me Sir, I must say that the
15 issue here is exactly the same one, we did not ever intend and neither did we lay before the PCB ...

ADV LEBALA: Admiral Kamerman, I ask the questions. I ask the questions.

CHAIRPERSON: Advocate Lebala, I'm controlling the
20 process.

ADV LEBALA: I beg your pardon.

CHAIRPERSON: If at all the witness wants to give us more information I think he should give us more information. If I think that it's not necessary for him to give us more information
25 I will rule so.

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ADV LEBALA: I've got no doubt Chair, [indistinct] Chair.

CHAIRPERSON: Thank you. Admiral Kamerman, you can continue.

R/ADM KAMERMAN: Thank you Sir, it's not a point of
5 contention at all to my learned colleague, it's just simply to
illustrate that what has been saying, because essentially while
he was asking me a legitimate question why did we not tell the
PCB, why did we not lay it before the board is a very detailed
technical component level decision and difference between the
10 one BUS and the other, it is simply this, that we never laid any
technical issues at that level of engineering detail to the PCB.
And he's used the example, so I'm going to unfortunately leave
it and put something [indistinct] gain some leverage out of it.

He's used the example of the foreign procured
15 items, there's no evidence that we laid before the Project
Control Board the technical differences between the radars and
[indistinct], what we did, we said we have evaluated that
against our value systems which were approved and we
recommend that this one comes first, this one comes second,
20 this one comes third and at no stage did the PCB disagree and
every stage they agreed with our recommendations. In a very
similar way where we talked about the BUSES, the Detexis BUS
and the C2I2 BUS we never laid before the PCB by intent, and
we never [indistinct] of going to that level. The detail, the
25 engineering detail of the 250 milliseconds *versus* 288

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milliseconds between the speed at which data pass across the different BUSES, what we said is this BUS has got risk and cost, this BUS had less risk and less cost and the PCB agreed that both BUSES at any rate must be kept at the level of one
5 contract, by keeping the Detexis BUS or any [indistinct] BUS at the level of the main contractor the price [indistinct] of the BUS was almost R50 million and with the other BUS the technology [indistinct] only carried a very large risk apportionment that we felt was inappropriate for the risk that
10 the State was prepared to accept. So, getting back to the whole thing we never discussed the technical details between the one BUS and the other ergo the report of our own subordinate engineers [indistinct] as part of our own JPT's technical evaluation of these BUSES was in our view not
15 something germane to the level to which the PCB made, albeit technical decisions but not engineering technical decisions, corporate technical decisions. Thank you Sir.

ADV LEBALA: You have not answered my question. Actually I want to close by saying the following, I have referred
20 you to the minute earlier on and that minute [indistinct] related to the substance that deals with technicalities of these three items, am I right? I'm not talking about going into the technical components [indistinct] issues, no, I'm talking about the subject itself.

25 R/ADM KAMERMAN: I [indistinct] evaluating the technical

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performance *versus* their cost, that was what we did.

ADV LEBALA: All that I'm trying to show you is that technicalities and technical issues were discussed before the PCB, whether ... May I finish? Whether you go on to the content and [indistinct] technical components and [indistinct], that's not [indistinct], I just wanted to draw your attention because of what you say in paragraph 150.38 and I want to summarise. I want to summarise. Let's go to page 103, I just want to ask you two questions and we'll have to close this page and then rehash those remaining pages that we can summarise in 20 minutes and we will be done. Page, please look at page 103 paragraph 150.36. At the top you say:

"We thus reported the strategic issues of the technical negotiations to the PCB, such as costs, overall progress/problems, evaluations of major equipment, pricing, contracting structures and contract risk issues, but not technical issues".

Do you agree with me that you did not go into the content, the technical components, that is the level [indistinct].

R/ADM KAMERMAN: I'm sorry, pose that last sentence again please?

ADV LEBALA: All that you are saying is that you reported these [indistinct] issues of the technical negotiations to the PCB such as cost, overall progress and problems, evaluations of major equipment and that's technical equipment, do you

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agree?

R/ADM KAMERMAN: It's of course technical equipment yes.

ADV LEBALA: And it's technical.

R/ADM KAMERMAN: Yes, yes, it's obviously yes.

5 ADV LEBALA: Yes, but all I'm saying is that technical issues were discussed but not at a technical component level [indistinct] issues, that's all that I'm saying.

R/ADM KAMERMAN: I fully agree with that statement Commissioners.

10 ADV LEBALA: Now let's finish. Line number 5:

"Neither Data Bus represented any technical issue that needed the attention of the PCB".

You can't say that.

R/ADM KAMERMAN: I do say that.

15 ADV LEBALA: But we've just demonstrated to you that the PCB is a decision-making body, it has to be informed, take decisions, bearing in mind that from the onset we said to you that we don't dispute the fact that the technical issues would not influence the decision, that's not what we are saying, the
20 decision was influenced by risk factor.

R/ADM KAMERMAN: Yes indeed Commissioners, that's precisely why I stand by that statement. We did not need to bring to the PCB the technical variation between the two BUSES, it was at a low level of engineering detail. What we
25 brought to the PCB was the risk intended on each of the two

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BUSES and in particular the risk [indistinct] on placing the BUSES at a category B which then was of course a corporate risk on the main contract. But certainly I stand by this statement, there was no need to bring the difference in
5 millisecond [indistinct] between the [indistinct] to the attention of the PCB, we did not do that in this case and we did not do that in any other case, although yes, I agree with the statement, these were all issues relating to technical issues, technical evaluations but technical at the higher level of
10 technicality.

ADV LEBALA: Please look at File number 2, this is my last question on this, File number 2, I want you to look at "JK29", page 641 to 643, and I would like you to flag it against "JK30" page 645. 649. Are you there?

15 R/ADM KAMERMAN: I'm there.

ADV LEBALA: Now these minutes, or these reports that we referred you to, do refer to technical issues, am I right?

R/ADM KAMERMAN: Absolutely, these were detailed engineering reports at the level of the JPT engineering staff.

20 ADV LEBALA: Now in line with the functions of the PCB, which includes the following; "to direct the joint acquisition activities for cardinal projects for the South African Navy", do you agree that they had to be informed about these reports? Remember the PCB is a decision-making body, listen to what it
25 does, its purpose, before you even go to the functions, "it is to

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direct the joint acquisition activities for cardinal projects for the South African Navy". We're dealing with a cardinal project, am I right?

5 R/ADM KAMERMAN: No, absolutely we're dealing with a cardinal project.

ADV LEBALA: Now these two reports do refer to technical issues, am I right?

10 R/ADM KAMERMAN: These two reports refer to the engineering evaluation of whether the BUSES would be okay and whether they would do the job, yes.

15 ADV LEBALA: Now amongst the functions of the PCB is to do the following; "to determine [indistinct] policy as it may impact the projects, to provide guidance and direction to the project teams, to monitor milestone decisions, to make decisions to obtain higher level authorisation concerning matters outside of the responsibility for the Project Team", those are some of the most important functions.

R/ADM KAMERMAN: Yes.

20 ADV LEBALA: Now wasn't it important for the PCB to be appraised about these reports?

R/ADM KAMERMAN: No, I don't agree with that at all.

25 ADV LEBALA: Alright lets go to page 104, I would like you to summarise page 104 paragraph 151 .1 to paragraph 151.4, and then we are done, you could go and summarise all those outstanding pages that you ...(indistinct)... that you have

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to go to. Let me just introduce the commissioners, your attention is drawn to page 104 paragraph 151 headed, the PCB information session of 19 August 1999. I know that you traversed it, do you want to deal with it? But just to assist you
5 let's read what is being said in paragraph 151.1 on Page 104 commissioners.

“At page 93 paragraph 1.6.7 and at page 150 of the joint submission Messrs Feinstein and Holden allege that the categorisation of C2Is's Data Bus
10 into category B rather than category C was not properly made. They refer to claims that the decision was made at an extraordinary and unminuted PCB meeting of 19 August 1999 which they allege “most likely” did not take place at all,
15 and ‘if ... the meeting did take place it could only have been done for suspect purposes’. These allegations are false.”

I think ...(indistinct)... you want to deal with it or I could quickly direct you to the relevant portions that ...(indistinct)...
20 you want to deal with it yourself?

ADM KAMERMAN: I would prefer that Commissioners. Yes Mr ...(indistinct)... took place, joint investigation team in their draft reports alleged that it never took place, unfortunately to these bodies ...(indistinct)... did take place. There was a
25 requirement for the chief negotiator for the technical part of

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the supply ...(indistinct)... to appraise himself of this new contracting proposal, this new structure, contractual structure whereby we would take on board for the state a certain degree risk for the combat system portion of the Corvette.

5 My understanding is that he instructed Mr Hanafey to set the meeting up, and in fact indeed I was telephoned by Hanafey to ask whether I would be available, bearing in mind at this stage I was on course, the joint staff courses, and by the way even if it was correct in the previous discussion that this
10 report should've been laid before the PCB, I was actually on course and it wouldn't be my duty to do so, but let's continue.

 Mr Swan wanted to get himself and his fellow decision makers on the PCB fully briefed on the, fully in the picture with regard to this very complicated new idea. And that
15 was the basis on which Hanafey phoned me and which I managed to persuade my officer commanding of the college quite difficult exercise, because the college didn't allow its students out at all under the fiat of the chief of the defence force, but I managed to persuade them ...(indistinct)...

20 I went to support Mr Nortjé who had drawn up a presentation explaining the rational of the part A the Part B and the Part C. It was not primarily a meeting aimed at discussing the Data Bus, but of course the Data Bus was an integral part of the whole concept. And essentially it explained
25 the A, the B and C and your fully appraised ...(indistinct)...

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commissioner so I won't go into that. The part of the discussion centred on, or part of the briefing that we gave and by the way I supported ...(indistinct)... with giving half of the presentation in my own view, even though I was a student.

5 The most important thing was that we confirmed our strong recommendation that whatever the decision was about the part B composition that the Data Bus be maintained as part of the main contractors full and ...(indistinct)... responsibility combat management system integration and the Data Bus,
10 those were the three things.

 The PCB completely agreed at that meeting as well the issue of the cabinet subcommittee's view on main contractorship was briefly discussed but in any detail, I see from the PCB meeting of the 24th that that was amplified, I
15 wasn't at that meeting, but it was amplified to report that the ...(indistinct)... subcommittee had in fact ...(indistinct)... that the main contractor ...(indistinct)... that the combat ...(indistinct)... remain with the main contract or risk.

 In any event on the 19th, the function of the 19th or
20 the aim of the 19th meeting was reached, we briefed Mr Swan, Mr Hanafey, Adm Howell, Adm Van Der Schyf and others, I can't no recall, I couldn't then I wasn't a full member, I intended to support Mr Nortjé, but nevertheless we got our message across, there was a very long discussion on especially
25 the State's undertaking risk for the part C's and we had to do

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some explaining about what that risk entailed, I remember Mr Swan grilling us on whether the gun is at a level of maturity to even be considered for this project and why are we doing this and we had to explain to him well that was the only alternative
5 to get a piece of artillery properly on board the ship, because everything else was just going to be too expensive.

At the end of the day that was the ...(indistinct)... meeting for the 24th, Admiral Howell has given clear evidence of his own presence at that meeting and I think my evidence is
10 in the same ...(indistinct)... as his. Mr Nortjé has given evidence about his participation and his key role in presenting the part A, B and C concept and the discussions that ensued.

Now however it was a very subsequently, in fact Young has described this meeting and ...(indistinct)... as well
15 as one of the most ...(indistinct)... meetings of the entire exercise, I don't believe it was other than it was ...(indistinct)... in us moving forward on the combat suite negotiations, because had we not parked those part C's here we parked them and undertook risk for their development, we
20 simply could not afford its combat system and we have a Frigate today with those systems on board to prove that that was a good and logical concept of breaking this ...(indistinct)... of cost versus risk.

The critical thing here with regard to the
25 ...(indistinct)... Detexis bus issue was that by policing the bus

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with the main contractor and not being able to move a cent in cost, we were then going to end up with the Detexis bus because ...(indistinct)... bus was another R14 million to R15 million in cost implication.

5 So in affect that meeting by placing the bus functionality with the main contractor and not moving a cent in cost was the cardinal decision point that at the end of the day led to the inclusion of Detexis bus in the combat suite. I stress this was not a decision making meeting, it was an information meeting, it was a pre-meeting to appraise the
10 deciding bodies at their next formal meeting with the PCB which I believe happened on 24 August some days later.

ADV LEBALA: Thank you, you referred to the meeting of 24 August 1999, you remember?

15 ADM KAMERMAN: Yes I do sir.

ADV LEBALA: Now I would like to draw the commission's attention to Annexure JK19 ...(indistinct)... page 486 and just to complete what you say in these paragraphs under this heading, I see the commissioners are ...(indistinct)... we are
20 on the same page commissioners, I see ...(indistinct)... Commissioner Musi's ...(indistinct)...

 Now if you look at page 486 you will see that the minute is dated 30 September 1999 can you see on your right hand side at the top?

25 ADM KAMERMAN: Yes, yes.

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ADV LEBALA: Now let's read the heading - Minutes of the Project Control Board meeting held in the Zipper Conference Room at ARMSCOR on 24 August 1999 at 11:00 to review Project Sitron and Wills. Is this the minutes that you are referring to just now?

ADM KAMERMAN: They are indeed commissioners.

ADV LEBALA: For instance if you look at the appendix's A, B, C, D, appendix please read it for the record?

ADM KAMERMAN: Appendix D to PB minutes dated 30 September 1999. "Project Sitron, Presentation to special PCB meeting regarding contracting model combat suite 19 August 1999", it is in fact here the presentation was made in the meeting that I referred to a few minutes ago, they were appended as the annexures to the meeting on the 24th.

ADV LEBALA: Now this item appendix D as we see it on page 486 what is it referring to?

ADM KAMERMAN: It is referring to the problem and the escalation surrounding the contracting model that was being proposed, the part A, part B and the Part C concept.

ADV LEBALA: Now to be specific appendix , let me review, appendix D, it says project Sitron ...(indistinct)... ratifications required, can you see? I am looking at page 486 annexure ...(intervene)

ADM KAMERMAN: Right no, I was reading from the actual annexure itself, ...(indistinct)... 486.

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ADV LEBALA: ...(indistinct)...

ADM KAMERMAN: Yes ...(indistinct)... I'm back in the minutes themselves, I thought I was to read the actual appendix itself, I beg your pardon.

5 ADV LEBALA: Well you have already seemed to ...(indistinct)... we are not going to go there, I would like you to look at how many appendix's from A to J can you see?

ADM KAMERMAN: A to J correct sir yes.

10 ADV LEBALA: Let me direct you to appendix D and please read it for the record, D for daily.

ADM KAMERMAN: Project Sitron PCB Ratifications Required.

ADV LEBALA: What does it mean in your words? What do you understand it to mean, use your own words?

15 ADM KAMERMAN: I understand that to mean ...(indistinct)... well it says ...(indistinct)... that this was information that was required to be ratified by the PCB.

ADV LEBALA: Now which ratification does this refer to?

20 ADM KAMERMAN: This refers to project, correction, to appendix D and I just read that to be in the presentation of the special PCB meeting regarding the contracting model of the combat suite presented on 19 August 1999.

ADV LEBALA: Now am I right to say that this refers to ratification of the meeting of 19 August 1999?

25 ADM KAMERMAN: Yes that's what I would take it to read, I wasn't at this meeting, so I can only speculate, but it certainly

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logically ties one to the other.

ADV LEBALA: Well that completed your testimony as far as this paragraph is concerns. I'm going to request you to summarise those pages in the pack, but before we do that you still have to tell the commission about appendix A and I would like you to quickly run through it, let's go back to page 58 paragraph 120.2 commissioners, page 58 paragraph 120.2, for the sake of completeness, the paragraph is headed, The Overwhelming Success of Local Industry Participation on Project Sitron. You wanted to deal with appendix A and I stopped you, this is your opportunity, I would like you to read paragraph 120.2 for the record?

ADM KAMERMAN: The paragraph is heading, that is paragraph 120, The Overwhelming Success of Local Industry Participation on Project Sitron. Subparagraph 120.1 ... (intervene)

ADV LEBALA: Now I would like you to read only 120.2.

ADM KAMERMAN: I beg your pardon sir 120.2.

"Never before in the history of the Navy had the fighting systems (guns, missiles, fire-control radars and electro-optics, electronic warfare systems decoys etc) on its warships come from South African sources. A picture of the Meko A200 Frigates Light Guided. shows the extent to which these ships are made in South Africa. I refer to the

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illustrations at appendix Alpha.”

ADV LEBALA: Commissioners appendix A is on page 659 to page 661 of file 2. I would like you to take the commissioners through it? File 2 page 659 to page 661, briefly
5 take the commission ...(intervene)

ADM KAMERMAN: I’m just waiting that the commissioners are sufficiently ready for me sir.

ADV LEBALA: Thank you Admiral Kamerman, please look at the context of paragraph 120.2?

10 ADM KAMERMAN: Do you have the appendix in front of you sirs? What you’re looking at is a beautiful ship, turning ...(indistinct)... 30 knots, 35 degrees rudder and I, not even going to go into the fact that the rudders were made in Cape Town because we’re dealing with a combat system, but bear in
15 mind that a good proportion of the ship, the mast, the rudders the ...(indistinct)... the hydraulics etc all come from South African companies because for the Germans that was a damn good deal and they still use those companies for our export orders, but let’s get back to the combat system, because that’s
20 what we are talking about. I illustrate these three short pages against the conventional wisdom that had sometimes be perpetrator in the ...(indistinct)... that by failing to incorporate Richard Young’s Data Bus into the system we somehow cheated South African industry ...(indistinct)... foreign combat system.

25 Nothing can be further from the truth, firstly

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Command, Control and Communications Subsystems. You will see the main subsystems listed, there is six of them, there is one French flag against the South African flag because it must be stated from the outset that the combat management system is a dual ...(indistinct)... ADS system, engineering ingenuity, combined with French software for the tactical portion of the combat management system called the Tacticos, so it is a French, it is a ...(indistinct)... South Africa system.

The other main systems on command and control, that's the ship board communications system, UHF, VHF, HF, radios etc, tactical and strategic military band radios all come from the South African industry either Grintek or Reutech. The combat management system is entirely South African from ADS, and I'm not referring to ownership now referring to people, their nationalities and their ingenuity, South Africans in this case in ...(indistinct)... making these things.

...(indistinct)... the navigation distribution system, well we've heard a lot about that, but I need to tell you that it was won in fair competition by C212, the competition propagated by us and allowed by us notwithstanding any other matters such as the ADS had actually been working on the navigation distribution system for many years but their price was too high and ...(indistinct)... fair and square. Incidentally that single project worth R16 million was more than five times the size of his previous largest contract at about R5 million.

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M-tek, small company, about the same size as ... (indistinct) ... with the video switching unit and the tilt measurement system and then a very important critical matter when ships are at sea they talk to each other and they all share the same picture over what is called a datalink, a very complex radio system that connects into the combat management system, and that comes from a South African company, unfortunately also bearing the name Thales Advanced Engineering, interesting enough ... (indistinct) ... as not allowed to call themselves ... (indistinct) ... for a long time in South Africa, because there is a South African company called Thales Advanced Engineering with absolutely no, hulle praat Afrikaans nie Frans nie.

Turning the page then sir if you will?

15 ADV LEBALA: We are on page 660.

ADM KAMERMAN: I want to show you the extent of the South African content on the sensor subsystem, the sensors I remember from the picture yesterday, the sensors are the eyes and the ears and the skin of the body, at the previous page ... (indistinct) ...

Now we're talking about the sensors, very complex systems and again if you look at this picture, all of the major sensors you will see three French flags starting at the bottom right, together with the South African flag, the sonar, although we have lost our main sonar technology as a result of a

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decision that we just couldn't afford to do at all, the ADS sonar development team went as a man ...(indistinct)... to Canada and there is a very successful company now producing very good military sonars called C-systems, but they're all South
5 Africans or most of them are.

But nevertheless we did retain a fair deal of sonar technology in the country with CSIR and with a ARMSCOR subsidiary called ...(indistinct)..., so that it, ...(indistinct)... half of the sonar hardware comes from South African sources,
10 so it is a ...(indistinct)... South African flag arrangement, if you go up the right hand side ...(indistinct)... is South African fully with M-tek providing the target designation sites.

These are hand held optics which allow a man if everything else has failed, to allow a man to bring the guns to
15 ...(indistinct)..., then there is Raytheon Bridgemaster nav system, there is no radar, there is no because practically it is an international consortium, unfortunately no South African content, then you go further up yes the first ...(indistinct)... that the main searched radar in line with our decision not to
20 pursue naval radar technology other than tracking radar, because we couldn't do it all some years before we did this international competition and ...(indistinct)... won the competition on the grounds that it is the main supplier of tactical naval radars in the world, not on the grounds because
25 we were paying ADS for some favours to the government or

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whatever.

Then you go further up, Thales/Tellumat producing the IFF stands for interrogation friend or foe, it sends out a little signal to aircraft, and if they have the South African
5 ... (indistinct)... code you know it is your own aircraft and you don't shoot them down, if they don't they are an enemy on ... (indistinct)... aircraft and you can then make a decision to engage.

That was the French system with ... (indistinct)...
10 that is the company that I was purporting to earlier that went into a joint venture with, the board joint venture ... (indistinct)... and it was a joint venture with ... (indistinct)..., but there's another French flag.

... (indistinct)... our EW system, absolutely secret
15 war fighting technologies, how to bamboozle an incoming missile or an incoming aircraft electronically and we absolutely don't allow that to go out of South African hands or sight.

Grintek EWasion. again with the radio ESM System. listening to your enemy's radio communications and also then
20 jamming them or attempting to jam them but at least deciphering what he is saying if you can do so, also very secret, always kept very close to the national breast. I've pointed a picture of the helicopter, I didn't go into the helicopter combat system other than to say that ... (indistinct)...
25 provided the basis for us to ensure that the UK sourced

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helicopter the ...(indistinct)... helicopter has got its radar. It's
ESM and its electro optic systems coming from South African
companies and in fact is now the baseline for this very popular
helicopter, naval helicopter to be sold all over the world.

5 Reutech Radar Systems. electro-optic track,
brilliant piece of equipment ...(indistinct)... and then the next
flag as well for South African optronic. radar tracker, superb
equipments salvaged from ARMY programs in the late 90's, mid
90's when they had not proceeded along the line after their
10 projects were cancelled, that was one of those, we took up
incidentally ...(indistinct)... major contract as a subcontractor
to ...(indistinct)... radar systems to provide the tracker
consoles for these tracking ...(indistinct)... project worth about
R16 million, it went to litigation very quickly.

15 ...(indistinct)... radar systems went to court and the
sheriff of the court seized the hardware out of the premises of
the ...(indistinct)... and transported it to the ...(indistinct)... it
was a complete mess but they then went to another company in
South Africa and we eventually got ...(indistinct)... our radar
20 tracker ...(indistinct)...

If you turn the page we got to the ...(indistinct)...
guns and missiles, but before we do that just again I draw your
attention, the sensor subsystems, there are three French flags
and the rest are all South African. So going to the last page it
25 is a similar picture, starting on the middle of the right hand

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side, Denel LIW 76mm guns, these were refurbished guns from the inventory originally bought from the Automolare many, many years before and provided to the strike craft, but completely not only refurbished but all of the electronic, all of the integration, all of the control systems, the fire-control systems, 5 ... (indistinct)... and other things all came from the ingenuity of South Africans and LIW.

Then we proceed to my personal favourite the 16 Denel Aerospace Systems Umkhonto missiles, we took this 10 missile from nothing and essentially with bubblegum and string we made it work, and it is a superb missile, Denel had sold it to five navies incurring foreign income to the State of over R3 billion in the years intervening ... (indistinct)... likes it so much they now propose it was our standard missile, anti air missile 15 all over the world, it put South African on the map, we are only one of five countries in the world that produce Surface to air naval missiles successfully.

Then we go to the 20mm cannons similarly coming from the South African inventory, but completely refurbished 20 and integrated by Denel and LIW, then you come to a French flag – anti-ship missiles. We were not in a position to also develop a working, a proper working anti-ship missile and we went off the shelf overseas and that was when the MBDA Exocet MM40 was selected, in fair competition and certainly 25 not to in any way reflect any influence the French may have

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had in our decision.

Going to the 35mm gun there is a good example of the part C's and in fact in this case it is an appropriate one because it was 18 months late, there were serious problems with that gun, nevertheless it is a superb piece of
5 ... (indistinct)... shoot down missile at 3000m without ... (indistinct)...

But it was late, and if that had to ... (indistinct)... the whole ship would have been late by 18 months as it was we managed to carry on with the ship, keep the integration going,
10 commission the ship and then the gun came a bit later, very good example of the essence of part C.

Then multi-role rocket decoy launchers, these are very critical things, when a missile is coming in at you, you put out decoys, to decoy the incoming missile ... (indistinct)...
15 critical war fighting thing completely South African in the launchers, the rockets themselves very sophisticated things, we went and bought overseas, because we didn't have the technology, we didn't have the money to cover the technology
20 all the time, but the launchers are South African.

Then in keeping with basic asymmetric warfare where a man in a rowboat with a ... (indistinct)... can seriously cripple your ship unless you can do something about it, you can't do that with missiles and big guns, we have Reutech
25 ROGUE. ROGUE that stands for remote operating gun unit

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equipments from Reutech 12.7mm remotely operated, and then
lastly but certainly not least a radar jamming system, if all is
lost and a missile is coming at you, you try to jam that missile
so that it cannot see, at some point you have to stop otherwise
5 it goes on a thing ...(indistinct)... jammer comes from Sysdel
which is just around the corner from where we are sitting.

So the bottom line is sir South African flags, our
South African combat system is by scope more than 75% South
African and by value 60%, it is by far the greatest percentage
10 of any equipment ever procured by South Africa from overseas
...(indistinct)...

ADV LEBALA: Adm Kamerman before you go to the last
question of your testimony ...(indistinct)... will take less than
30 minutes the Commissioners wanted to acquire from
15 ...(indistinct)... whether were we certain about the composition
of SOFCOM yesterday, you remember?

ADM KAMERMAN: Yes I do sir.

ADV LEBALA: I need to put it on record that that detail
has become available as to who the constitution of SOFCOM
20 members were, just a second, I beg your pardon
commissioners. ...(indistinct)... commissioners may the record
reflect the following; We were right to say Mr ...(indistinct)...
was a member of SOFCOM, all be it he was the secretariat of
SOFCOM. The witness kept on referring to Captain DC
25 ...(indistinct)... he is also a member of SOFCOM. Admiral

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...(indistinct)... is a member of SOFCOM. The witness kept on referring to Mr KP Hanafey, he is a member of SOFCOM. Now with that we complete the picture of the witnesses testimony, obviously Mr Esterhuysen was a co-Chair together with Mr

5 ... (indistinct)...

Now SOFCOM had several members, we mentioned the specific ones ... (indistinct) ... complete the picture because we traversed a lot of testimony trying to bring evidence before the commission, especially ... (indistinct) ... would be

10 uncontested about the ... (indistinct) ... of SOFCOM that completes the picture Chair.

...(indistinct)... Where I wish I could keep quiet and just listen to you making your closing comments, I allowed you to take the commissioner through appendix A, very

15 implicating ... (indistinct) ..., but there are still outstanding issues where I would like you to be brief.

And the reason why we started ... (indistinct) ... going to the front and to the back and coming back to the middle is because we believed, myself and Mr Ngobese that the

20 detail that we gave towards the end would actually bring fresh awareness and more clarity to this outstanding issues that ... (indistinct) ... traversed starting on page, I beg your pardon

commissioners, be part of page 75 to page 91 that I would like you to traverse, actually ... (indistinct) ... more, I beg your

25 pardon, we dealt with my alleged failure to prevent

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...(indistinct)... violating acquisition process and
...(indistinct)... referred to in the context of what
...(indistinct)... evaluation team said and what you as the
project officer of project ...(indistinct)... testified to now.

5 You have to take the commissioner from page 79 to
page 91, yes you want to summarise it, I would start leading
you from page 79 the paragraph 3rd, the alleged manipulation
of the price ceiling of the combat suite. Page 79 paragraph
143 the alleged manipulation of the price ceiling for the combat
10 suite.

I'm just going to read the introductory paragraph
and from there you will summarise. Paragraph 143.1:

15 “In paragraphs 60 to 70 and 73 of Young's
statement he alleges that the price ceiling for the
combat suite was manipulated by some R300
million, which amount was used by Thompson-CSF
to pay bribes and/or commissions. He refers to the
cost ceiling of R1.47 billion for the combat suite in
the 1997 baseline. By April 1999 an all inclusive
20 price for the combat suite of R2.3 billion was being
tendered. However, the final price of R2.6 billion
was approved during late April to May 1999,
representing an increase of about R300 million
which, Mr Young alleges, remains inexplicable.”

25 Now are you going to summarise it to the commissioner?

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ADM KAMERMAN: Yes certainly Commissioners. You read the allegation, it is complete false, Mr Young continuously confuses estimations, budget ceilings with actual prices. What had happened was we had estimated from time to time in the project ...(indistinct)... what would this combat suite cost, it certainly took some cost estimations from each and every one of the participating companies and we simply summed them and we had an idea, or we thought we had a good idea on what the combat suite would cost in 1997, and we simply escalated that in 1998 through to 1999, and we ended up at around about R2 billion, R2.3 billion that he refers to as being targeted by April 99, it is correct because that would have been if the combat suite ever had to come to R2,3 billion as an offered price we ...(indistinct)...

15 Now we weren't ...(indistinct)... and as my numerous reports to the project control board to the Naval Board and arising from a whole series of offers that we made in January, February, March, April, several ...(indistinct)... with the main contractor, we never came down at all to R2,3 billion.

20 We started in January with a, as I've referred to in my, the first part of my submission with quite a huge shock that arose from the fact that we had completely under-estimated the actual implication of ...(indistinct)... main contractor to offer ...(indistinct)..., that was the first point.

25 Because we were simply inexperienced, the entire

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country was inexperienced in main contractorships as I referred numerous times, ARMSCOR did that function for us in the main, in the 70's, 80's and into the 90's.

5 So that was the first cost implication of our underestimation. Secondly South African Industry, certainly woke up to realise that they were all fairly confident commercial entities, that we're not dealing with the technology retention project anymore we now have to ...(indistinct)... a binding commercial proposal to a main contractor who is going
10 to hold us liable through penalties according to damages and so on, to how the performance of our equipment, that's the technical performance, the cost that we're charging him and of course the time scale and the scheduling ...(indistinct)... intervention.

15 So there were significant increases in the prices that local industry had told us and which they were telling the main contractor, I'm not going to blame it but at the same time it was also in some major industry, particularly the State owned industries, ...(indistinct)... technical entities not so
20 sharp when it comes to international contracting.

They are now but this is the first time they've ever, remember we were barred by the United Nations from selling arms as well to the international market, 1977 we were barred from buying arms, 1998 ten years later we were barred by the
25 same body, United Nations from selling arms. So our own

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industry wasn't really ...(indistinct)... things like main contractor, risk and cost and performance guarantees.

The other issue that we came across in our lack of preparation for this exercise in terms of ...(indistinct)...
5 estimation of the cost, was also the fact that at the end of the day the main contractor not only the combat contractor, but the integration of the vessel was a much more complicated technical exercise that we had formally imagines.

Be that as it may in January we were faced with a
10 price including ammunition of R4,2 billion, more than twice what we had estimated the combat suite was going to cost us. The whole experience from January through to May, June, July of 1999 traversed exactly the painful process of getting that down into an affordable cost ceiling.

15 At that time the cost ceiling that we were working under was the cost ceiling that had been apportioned by the cabinet decision in November/December of 1998, which had overall purchase cost ceiling or purchase price ceiling for the entire Corvette program including project management, in other
20 words ...(indistinct)... of R6,1 billion.

So that was the initial massive constraint and we frankly didn't think we would make it, the affordability committee of subcommittee of the IONT that was from the Department of Finance, they revised each equipment types,
25 allocation of money, particularly with the removal of the main

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battle tank and the effective postponement for that
...(indistinct)... contract signature of the Maritime Helicopter,
we would surely lose more money ...(intervene)

ADV LEBALA: Thank you, I see you have even gone past
5 this hearing, you've introduced other remaining portions. You
traversed paragraph 143, 143.1 to 143.10 on page 82, I would
like to direct your attention to paragraph 144, well traversed,
the paragraph 144 is on page 82 headed "The alleged
disclosure of C2I2's price for the databus and the alleged
10 victimisation of the French content", may I take the liberty to
lead you by taking you ...(indistinct)...?

ADM KAMERMAN: Yes but could I make my main concluding
statement ...(indistinct)... please?

ADV LEBALA: Okay, go, go.

15 ADM KAMERMAN: Thank you, what I wanted to tell the
commission sir is that we were never at R2,3 billion which
...(indistinct)... you guys were at R2,3 billion and you signed at
R2.6, ergo there's R300 million there as money under the table,
it is absolute nonsense, we only got to the price of R2599
20 million, at the very best, best and final offer from the main
contractor. All the prices above that were up to as I said
starting in January 4.2, 3.9, 3.3, 3.2, 3.1 and so on.

And each of those steps were either a contractual
structural challenge were we got a lot of money back or
25 ...(indistinct)... for example, or it was the result of the Naval

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Board swallowing its otherwise determination not to do so led by Admiral ...(indistinct)...Simpson- Anderson in reducing the scope of the combat suite, to only those essential things that we could not live without, and that process alone which
5 ...(indistinct)... bellow the combat system scope saved us over R600 million, just to cite one example.

So the bottom line to conclude, we never got to 2,3 billion, so there was not phantom R300 million between R2,3 and 3,6, Mr Young has fabricated this completely.

10 ADV LEBALA: Thank you, in actually fact Mr Fritz Nortjé did address with ...(indistinct)... before the commission. I would like to address paragraph 144 on page 82, the paragraph headed "The alleged disclosure of C2Is's price for the databus and the alleged victimisation of the French content", and let me
15 take the liberty to lead you, page, paragraph 144.1, page 82 commissioners reads as follows;

In paragraph 72 of ...(indistinct)... statement:

"He refers to the alleged disclosure of C2I2's price for its integrated management system Data Bus
20 within Thales-CSF as a whole and to C2I2's direct competitor, Detexis, a Thales Company... I deny these allegations."

144.2, in paragraphs 72 to 79 of his statement, Young refers to the JIT testimony of Capt (SAN) HN Marais on 29 June 2001 to
25 substantiate these allegations of price disclosure of his IMS and

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SMS offers to Thales, and his allegation that the selection of French sourced items arose from pressures applied to maximise or increase the French content of the combat suite.”

5 The last criticism is on page 83 paragraph 144.3, Young described Marais as being a senior member of the corvette project team and was intimately involved in these negotiations and says:

“I am unaware of there being any reason that Captain Marais would be lying under oath.”

10 I have not seen the ...(indistinct)... witness statement of ...(indistinct)... given on 29 June 2001 and will not comment on any statement he’s supposed to have made. Now you may proceed.

ADM KAMERMAN: Yes well I then commissioners proceed to
15 inform the commission that Commander Nick Marais, we knew him as Nick has never been with the project ...(indistinct)... let alone a senior member, he did have a special knowledge of communication having left the Navy, resigned from the Navy, he worked in the communications industry I believe for
20 ...(indistinct)... communications before rejoining the Navy.

Marais from time to time did certainly assist the project, he was after all a senior and specialist engineer in communications. So he assisted us particularly in communications ...(indistinct)..., and he did this in his capacity
25 as an engineering staff of the Simon’s Town based South

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African Naval Engineering Bureau, but he was not responsible for even managing communications ...(indistinct)... that was the responsibility of the members of the Navy project team Sitron and the ARMSCOR project team Sitron, and nor did he have any
5 role whatsoever in commercial negotiations. He did not report to me or any member of the joint project team.

For the execution of project during the execution phase he merely participated in project discussions relating to the communications segment, so it is absolutely not true for Mr
10 Young to describe Marais as “a senior member of Corvette Joint Project Team who was intimately involved in these negotiations”, he was certainly not.

Similarly he was not in any way responsible for nor engaged with the IMS of the SMS ...(indistinct)... so any
15 knowledge he may have on those systems is either fabricated or hearsay, I don't know, certainly he was not responsible to me or any of the team for those items.

ADV LEBALA: Are we parting ways to this paragraph, are you done?

20 ADM KAMERMAN: Yes.

ADV LEBALA: Page 84, the paragraph headed, “The alleged disclosure of C2I2s price for the SMS”, I know that ...(indistinct)... laid the foundation on it. Paragraph 145.1, let me read the introduction of the ...(indistinct)...

25 “In paragraphs 77 and 78 of Young's statement he

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refers to the alleged disclosure of C2I2's prices for its SMS to ADS, and contends that this alleged disclosure constituted fraud. I deny these allegations."

5 Please summarise?

ADM KAMERMAN: Well in summary he was saying that we had gone out on tender for the SMS which was correct, ...(indistinct)... price was simply untenable and we did not accept it for it wasn't value for money. So we called their bluff
10 and we said okay well we will go on tender for this, internal tender, ...(indistinct)... provide your offers to us by 16 April against a specification which we wrote and we subtracted out of that specification to make it a cheaper option for us, some of the non-essential items from what we had, either to consider
15 to be part and parcel of the SMS in terms of technical scope.

We did receive the offers simultaneously from both companies submitted through the German Frigate Consortium on the evening of the 15th, the day before 15 April, the day before the closing date.

20 We had asked the German Frigate Consortium only to convey our request for offers to the two companies and to receive and to pass onto us in a confidential way the offers that they'd received, obviously we could not ask
...(indistinct)... to receive the offers from in this case a rival
25 competitor. On the night of the 15th we received these two

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offers, and what then happened was that ADS the next day came to us and said *excuse us we have quoted for one of the items erroneously that you told us to remove*, and that was the video switching system to go with logistic support worth several millions, and they said *please allow us to remove it and to resubmit our quote without it*, we did allow them to do that and they submitted a quote thereafter, it was exactly that, it was exactly the same as their quote on the night of the 15th minus that one item. It was not a reduction of any other items, we would not have tolerated that because it would have been unfair.

Young of course alleges that by process, by the GFC receiving these quotations from on the one hand ADS and the other hand ...(indistinct)... against the background of his general allegations the GFC was convening with ADS all the time would have then allowed ADS access to ...(indistinct)... quote and would have allowed them then to adjust it, they just need to reduce ...(indistinct)...

It is not at all what happened, as I said we allowed them to requote, only to remove that item which they had clearly erroneously included, we first confirm they had included and then ...(indistinct)... taken out, and then we went into analyses of the prices.

ADV LEBALA: Thank you, I think you have addressed paragraph 145.1 to paragraph 145.9 on the page 86. I assure

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you that the commissioners ...(indistinct)... what they heard from Mr Fritz Nortjé in paragraph 146 ...(indistinct)... 146.1 to 146.5, you bring clarity ...(indistinct)... unless you want to ...(indistinct)... specifics?

5 ADM KAMERMAN: Well what Mr Nortjé did not say, he just told me over the telephone a few days later that he actually forgot to raise, but in amplification, because what he did say is we added about 12, 12.05% to the price of Young's SMS quote. All of these moneys we would have had to pay had we selected
10 ...(indistinct)... was a subcontractor providing these items to the main contractor and the main contractor added approximately 3.2% for handling which was an absolutely, it is below the norm international competitions even in South Africa, an integration fee of 7%, that's absolutely part and parcel of
15 their function, and then an extended warrantee which we demanded of them for these items, approximately 1.85%.

These are figures which were applied to all of the subcontracting offers, from ...(indistinct)... everybody if they were offering to the main contractor. So when we added the
20 12.5% which the State would have to pay the cost to us then the ...(indistinct)... quote was more than the ADS quote.

However, and of course Young said that was unfair, ...(indistinct)... I do declare to this commission it is absolutely the right of a State official to add to the cost of the quotation,
25 the cost ...(indistinct)... State, the tax payer of South Africa

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would eventually have to pay, that's was the case. This is not an unfair thing, it is a perfectly normal thing in contracting that the main contractor applies handling fees, ...(indistinct)... fees and so on, extended warrantee fees to subcontractors.

5 Of course ...(indistinct)... apply to ADS's quote because we would never have allowed ADS to add these fees to their, because they were part of the main contract. But what Mr Nortjé neglected to say ...(indistinct)... was that in terms of the ...(indistinct)... offer there were a number of items which
10 ...(indistinct)... excluded from its offer, which when you add those items in any event the 12.05% is irrelevant, because those items actually push ...(indistinct)... price much higher.

 We did not however have to, and that's possibly why Fritz neglected to say it, we did not have to consider those
15 items, the bold price of ...(indistinct)... cosy to the State that ...(indistinct)... offer plus the 12.05% exceeded ADS's quote, therefore the cheapest quote won, there was no intent and neither was there any say dirty dealing of Mr Young
 ...(indistinct)..., he lost the quotation, ...(indistinct)... of the
20 seven that he lost.

ADV LEBALA: Thank you ...(indistinct)... myself and Adv Ngobese for bringing absolutely clarity that I assure you that Mr ...(indistinct)... of the 12%, what he did, he didn't deal with it, we took him back to it, but what ...(indistinct)... simplified it
25 in a manner that is understandable both in your testimony

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before the commission and in what your adequate statement says.

The last aspect I assure you two things of it is common cause, that this page 87 paragraph 147
5 ...(indistinct)... I want to read into ...(indistinct)... paragraph, it is a specific question that you have to address for the commission ...(indistinct)... the joint submissions. Commissioners can we draw your attention to paragraph 147.1, page 87.

10 "In paragraphs 75 and 76 of Young's statement, he alleges that South Africa subsystems were deselected in favour of French ones as a result of political interference. At page 150 of the Joint Submission Feinstein and Holden refer to the first draft version of the Auditor General's report that 'members
15 of the Joint Project team were informed by Rear-Admiral Kamerman that an instruction had been received from higher command to increase the French content of the combat suite.'"
Do you want to deal with that?

ADM KAMERMAN: Yes ...(indistinct)... before the break
20 commissioners, I need a biological break.

ADV LEBALA: Chair this is the last question of the witness's testimony, the remaining parts are common cause, only this ...(indistinct)... pertains to him is the part
25 ...(indistinct)... for instance I could demonstrate to you that the rest is common cause, for instance I see the witness

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...(indistinct)...

CHAIRPERSON: Okay I think let's adjourn for about 10 minute or so.

ADM KAMERMAN: Thank you.

5 **(PROCEEDINGS ADJOURN)**
(PROCEEDINGS RESUMES)

ADV LEBALA: Admiral Kamerman we are in the
...(indistinct)... time of your testimony, we would like you to
deal with this aspect and to address the basis as to what is
10 expected, there was information that you gave that an
instruction had been received from higher command to increase
the French ...(indistinct)... of the combat suite?

ADM KAMERMAN: Yes well firstly I deny these allegations
completely. In 1995 Commissioners it was decided that there
15 were certain items of functional performance on board the
...(indistinct)... that we certainly couldn't conceive of funding
the development of in South Africa.

Not that ...(indistinct)... didn't have the long term
potential, technical skills to provide them but it was simply that
20 we were going to have to invest an awful lot of money over a
very long time and then we would still ...(indistinct)... systems,
because in some cases ...(indistinct)... it is not only the skill
or the ...(indistinct)..., it is the records that you obtain from
your own Navy with regard to the data for example in this case
25 ...(indistinct)...

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The South African Navy didn't even by 1995 have any anti-submarine capability service, any submarine capability at all. So we decided that ...(indistinct)... South African Navy at my recommendation that we would not try to procure from local sources the main search radar of the ship, the hull-mounted sonar of the ship and the surface to surface missile of the ship, we would instead acquire off the shelf from ...(indistinct)... international suppliers, when and if we got to a point of acquiring the vessels, remember 1995 we were at the project Sitron had been frozen pending a national consensus of defence.

Then when we started up again in 1997 that decisions was vested in our RFO, so we instructed the main contending parties, the ship yards that we would subsequent to one of them being selected as main contractor, the third supplier in this case, he obliged to go out with our value systems, our specifications and procure quotations from international members of these items, this is exactly what we did.

We wrote these specifications, I authored them, they were collective inputs from a large team of industry as well as our own special expertise ...(indistinct)... the Navy and ARMSCOR. And we requested that the German Frigate consortium would then tender, go out and procure a quotation, this the German Frigate Consortium did, going to three

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companies for the surveillance radars, one from France
...(indistinct)..., one from Sweden in Ericson and one from
Germany in DASA.

5 These three companies in themselves were the top
three companies producing tactical surveillance radars, by the
way it is a very complication device because it has got to detect
your missile in a three dimensional way in space, and
...(indistinct)... but it is a very key component of the ship's
...(indistinct)...

10 The quotations came back, in the interim we had
developed the value system, secret Value system with
ARMSCOR and ourselves and specialists from industry not
interested industry, but CSIR and other entities that were not
involved at all commercially with these people, and when the
15 quotations came back we simply took them took comprehensive
evaluations against that value system.

In the case of the search radar the clear winner on
points as well as value for money was the French
...(indistinct)... MRRLT radar, and that was the only bases that
20 we took that forward to the project control board firstly by the
Naval Board to say ...(indistinct)... radars, here is the
evaluation results, we recommend the ...(indistinct)... radar.

A similar process was executed for the surface
missile and for this ...(indistinct)... In the case of the
25 ...(indistinct)... we obliged the German Frigate consortium to

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go out on tender or to ...(indistinct)... obtain and procure quotations for us from a company called STN Atlas of Germany, a company called Thomson Marconi which was owned by ...(indistinct)... and a company called Alenia of Italy.

5 Again all three company excluding American companies were the top providers of Naval sonar's and still are in the world. Resulting from that evaluation again as I repeat ...(indistinct)... predetermined valued systems, preapproved value systems, my team took experts, none of them had any
10 connection with the companies concerned, they were mainly ARMSCOR and Navy but some experts really detailed expertise lies in our industry, particularly CSIR and others.

 And out of that competition the Thomson Marconi sonar won on its own merits, it was very close competition with
15 Atlas, frankly these two companies compete neck and neck right up until today for their products, I know that from my own experience in my current job, it is always a tossup between which one it going to win and it is always a knife edge, Alenia came a distant third ...(indistinct)...

20 On the Surface to surface missile we went out to three companies, MBDA of France, Aerospatiale, now ...(indistinct)... French company, the world leading producers ...(indistinct)... of modern Surface to surface missiles.

 We also went to SAAB, SAAB of Sweden who had
25 produced in the 80's and 90's a very innovative missile called

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the RBS15 and we certainly viewed that as an option. We did not with great regret go to Russia, we ditched Russia even though I've gone to the Russian factories producing missiles and it was very impressive, but frankly the logistics support and their whole governance let's say of their defence industry was in complete chaos and we left them alone.

The third company we went to was DASA from Germany, as DASA ...(indistinct)... that time a technology development for the German Army and the German Navy called the Polyphem, a superbly innovative missile which we eventually discarded on the grounds of ...(indistinct)...

We were determined not to go from South African technology ...(indistinct)... and embrace a foreign project which in itself was also ...(indistinct)..., so DASA had a chance but they could not prove to us that their system was matured, and we didn't in fact evaluate them at all.

So on the missile side we were down to Aerospatiale of France and SAAB of Sweden. We received the offers, we did a comprehensive evaluation again against a predetermined approved value system, and this particular case was also neck and neck, but then the decision came as a result of our cost constraints to reduce from 32 missiles to 17, so we obliged the German Frigate Consortium to go out again and ask the tenderers, in this case SAAB and Aerospatiale to resubmit their offers, not for a batch of 32 missiles but a batch of 17

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missiles.

And then we got quite a shock because SAAB came back with almost the same price for 17 missiles as they had quoted for 32 missiles, the simple reason was, and this often happens in the industry, their ...(indistinct)... was not in service with the Swedish Navy and then we would have to invest an awful lot of money to get the thing up and running if they sold it to us.

So we ...(indistinct)... and pour a lot of money into the development, so immediately that was not an option, we didn't discard them because ...(indistinct)... Mach 3 and the Mach 2 were somewhat similar to the Block 1 and Block 2 argument that we had earlier today, not quite, but nevertheless we would've allowed them I their price ...(indistinct)... but at the end of the day their price blew them out of the water, because for 17 missiles they were asking roughly the same ...(indistinct)... than for 17.

Aerospatiale however because they were in serious production worldwide for 100's of these MM40 missiles, simply reduced their price, proportionate from 32 to 17. So they were in the competition. We were very happy because all three of these items they represented the state ...(indistinct)... the Thomson MR radar, a very good radar, and the Aerospatiale as I said world leading missile and the Thomson Marconi Hull mounted sonar, a leading tactical one of the ...(indistinct)...

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tactical sonars in that sonars are very strange creatures because the promulgation of sound under water depends on the frequency, but in the ...(indistinct)... Thomson Marconi ...(indistinct)... as I said already it with the top parts of the world even the United States Navy buys these sonars from these people.

So we were very happy at the end of the day, these results were taken to firstly the naval board because this was fighting equipment for the Navy, the Navy board ratified in some detail, they asked a lot of questions ...(indistinct)... like that, and but eventually unchanged and we went to the project control board on different occasions because we didn't do all these three evaluations on the same day, it was over several weeks, and then the ...(indistinct)... Naval board the ...(indistinct)... ratified these recommendations.

What I'm trying to say to this commission, is there was absolutely no issue of whether they were French equipment or German equipment or Bulgarian equipment, this was the best equipment arising from very detailed technical evaluations by experts and dividing the costs, the points ...(indistinct)... against our value system by the price, in other words ...(indistinct)...

ADV LEBALA: Thank you, I think you've traversed paragraph 147.1 on page 87 to paragraph 148.6 on page 90, including providing additional detail. We have come to the end

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of your testimony, I think the commissioners are conferring,
let's look?

COMMISSIONER MUSI: I didn't quite get the answer to the
question posed to ...(indistinct)... in paragraph 147.1,
5 ...(indistinct)...

ADM KAMERMAN: Yes, that was the background of my
answer, if I can quickly answer that allegation, particularly
made by ...(indistinct)... on page ...(indistinct)... submission,
and I now refer you to 148.6 ...(intervene)

10 ADM KAMERMAN: I beg your pardon sir, I now return to
148.6, so I finished off by saying as it reflected in 148.5 that
the tendering evaluation selection did not favour any company
or country and all candidates won fairly on their own merits,
Young's allegations to the contrary are based on hearsay and
15 false speculation, and the ...(indistinct)... that France was
favoured, actually the worse of it is ...(indistinct)...

I deny that I informed members of the
...(indistinct)... that an instruction had ever been received from
high command or anybody else for that matter to increase the
20 French content of the combat suite. I did not receive such an
instruction, nor was there any information ...(indistinct)... and
I'm quite astonished that this untruthfulness ...(indistinct)...
allegation, other than to say the cost ...(indistinct)... the truth.

So in short sir I don't know where this emanated
25 from, if you line my entire team up here other than Mr Marais,

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Capt Marais who had a very specific intent in leading the ... (indistinct) joint investigation team in that direction I never gave such an instruction and it never whatsoever affected or informed our activities to the selection of these equipments, all of which yes emanate from France, with all of which won on their own merits and we didn't have any effort and there was no information, there was no instruction to increase the content of the French ... (indistinct) ... combat suite.

CHAIRPERSON: What can we now exclude by ... (indistinct) ... increasing the content of the combat suite with the allegation?

ADM KAMERMAN: The allegation was made that these French subsystems that were entered ended up being recommended by the project team, whereas the result of the pressure on the project team to "increase the French content of the combat suite", and that I deny that it is a ... (indistinct) ...

CHAIRPERSON: Can I just ask a question for clarity ... (indistinct) ..., I understand the ... (indistinct) ... will state that way back in 1995 that this particular ... (indistinct) ... items would have to be sourced ... (indistinct) ... of the, but then when you come to the point ... (indistinct) ... you should ask the German Frigate Consortium to provide the quotations why ... (indistinct) ... why specifically the German consortium?

ADM KAMERMAN: Yes it was in line with overall negotiating strategy to obliged the main contractor to procure quotations

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and made the offers to us through him and not to ask for example ADS or to do it ourselves because we were determined to make the main contractor responsible to offer us alternatives, in this case through a very specific way and also
5 at the end of the day that the other part of the industry especially in 1999 whether that became apparent that ... (indistinct) ... had an ownership of ADS and ergo we would certainly have been remiss in asking ... (indistinct) ... directly to gather quotations, even though if ... (indistinct) ... then the main
10 contract of the combat suite would have been the natural entity through which we would have asked for quotations.

But at the end of the day it was perfectly in line with everything we asked for with regard to a quotation or an offer, we did so very strictly through the preferred supplier, I
15 this case the German Frigate Consortium, who incidentally and I do stress that no commercial until today had no commercial or any other managerial links with these various companies that we ask for quotations, I mean the German ones.

CHAIRPERSON: And I suppose this was done after the
20 preferred bidders?

ADM KAMERMAN: This was done after the preferred bidders had been selected sir, it was during the phase if my memory serves me correctly, February through April of 1999.

CHAIRPERSON: Thank you.

25 ADV LEBALA: Admiral I you were not making concluding

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remarks on each and every sector of your testimony as you were testifying I would say what are you concluding remarks, but I'm going to resist that and say that's the end of your testimony. I know that you still have a second ...(indistinct)...

5 Adv Cane might like to re-examine you in ...(indistinct)... of what you've said, we are just about to give over to the commission, they will direct whether Adv Cane is going to take over and she will let us know as to whether are there specific questions that she would like to ask.

10 I would like to take this opportunity commissioners to thank Adv Cane ...(indistinct)... for preparing such an adequate statement, the unfortunate part of it is it made us to work under pressure, we only received this statement, I received them on Sunday ...(indistinct)... prepare from Sunday
15 afternoon.

But it doesn't mean that one doesn't appreciate what went into the statements and the content, highly qualified, highly content statement, and one would have wished that these files could have been provided to yourselves earlier,
20 because the statement clarify each and every aspect, you would have asked us just to address on our two points, that's all we would like to address at this stage, and we would like to thank Adm Kamerman and we give over to you commissioners.

CHAIRPERSON: Is there anybody who would want to cross-
25 examine Adm Kamerman?

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ADV SNYMAN: Thank you Chair and Commissioner Musi. We do intend applying to cross-examine this witness, but first we are constrained to place two aspects on record. Firstly providing interested parties with effectively one
5 ...(indistinct)... to read and analyse a witness statement of 108 pages with so many annexures which run to 662 pages and containing detailed material disables a party from preparing an conducting a proper cross-examination on such detailed material.

10 It appears to us that the manner in which Adm Kamerman has been treated is inconsistent with and more favourable than the manner in which our clients have been treated in at least two respects.

CHAIRPERSON: Just hold on madam, do you want to cross-
15 examine or you don't want to cross-examine? I think that's the stage where we are, do you want to cross-examine or you don't want to cross-examine?

ADV SNYMAN: We do wish to cross-examine this witness Chair.

20 CHAIRPERSON: Thank you, how long do you think the cross-examination is going to take?

ADV SNYMAN: I cannot give that indication at this stage because there are two aspects which must be addressed before we can indicate when we would even be in a position to apply
25 to cross-examine this witness.

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CHAIRPERSON: So you are not applying to cross-examine the witness?

ADV SNYMAN: Right now, no, we are not in the position to apply to cross-examine this witness firstly due to when we received the documents, but secondly because there were still documents which we have requested from this commission in order to cross-examine this witness which we have not yet received, I understand ...(intervene)

CHAIRPERSON: Just hold on, just hold on, as I understand you at this stage you're not making an application to cross-examine Adm Kamerman?

ADV SNYMAN: To cross examine him right now, no. We do wish to reserve the right to seek to apply to cross-examine him at a future date once we are in possession of the documents which we have been requesting from this commission for the last 12 months.

CHAIRPERSON: Thank you Adv Cane you are not applying to cross-examine the witness, any re-examination?

RE-EXAMINATION BY ADV CANE: Yes Commissioners ...(indistinct)... there are a few aspects which I hope to clarify with the witness, I would imagine I would require 15 minutes to ...(indistinct)... not longer than that. May I proceed? Thank you I'm grateful for the indulgence. Adm Kamerman in relation to the passage at page 93 of your statement you made a small correction, it is at the top of the page towards the end of that

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first paragraph Aerospatiale split the purchase into a mix of Block 2 and Block 1 missiles available and the JPT. recommended that the first batch of SSMS should be split into 9 Block 2's and you correct the words 6 to 8 Block 1's, could you
5 please explain how 8 Block 1's would have provided against the background of Aerospatiale having had 6 Block 1 missiles, it is unclear to me?

ADM KAMERMAN: Certainly, it is unclear because I didn't write it very clearly, I apologise, Aerospatiale indeed had 6
10 fully assembled Block 1's, brand new ready to be shipped, they had been ordered by another, the Navy and not delivered for various reasons, but they also which I forgot to add here I'm afraid that they had two complete missiles as components that could be assembled.

15 ADV CANE: Thank you, that's clarified.

ADM KAMERMAN: So it was in fact we had 9, we ordered and received 9 Block 2's and 8 Block 1's.

ADV CANE: Thank you. At one stage in your testimony you said that late in the day, and we're dealing with the risk attachment
20 ...(indistinct)... Data Bus, that's the topic, in that context you said late in the day you included or rather the South African Navy included the ...(indistinct)...Data Bus, after attempts to persuade ...(indistinct)... to put up a guarantee had failed.

Now I want to ask you to apply your mind to that,
25 which Data Bus did you include in the ...(indistinct)..., was it

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the ...(indistinct)... or Diacerto Data Bus?

ADM KAMERMAN: No we had to complete a technical baseline which we did and in that technical baseline right at the end very late in the technical baseline we included the
5 Detexis Data Bus subject to further ratification by the PDB and of course subject to the PCB's decision that they will seek, or they would try to persuade with Adm ...(indistinct)... and Mr ...(indistinct)..., they were trying to persuade Mr Young to the necessary commercial activities and actions that will enable
10 him to procure ...(indistinct)...

When that failed in other words, when ...(indistinct)... August, September, it must have been September into October, it became clear that we at that stage would be ...(indistinct)... with the Detexis bus and the Detexis
15 bus then became part and parcel of the commercial, correction, the technical baseline of the vessel, which was eventually signed up as the technical contractor ...(indistinct)...

ADV CANE: Thank you, that does make that section of your evidence clear. In your annexure A you have indicated and
20 that's at page 659 ...(indistinct)... 2, you drew the commission's attention to the navigation distribution system.

ADM KAMERMAN: Yes I did.

ADV CANE: Thank you, now was that an item of equipment for which ADS had been nominated in the RFO documentation?

25 ADM KAMERMAN: Yes it was, we assumed that ADS, in fact

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not assumed, ADS was the only contender that we thought of or had in mind for providing integration of the navigation data, just a little bit of background without boring you he Nav data is highly complex, it comes from a Ring Laser Gyros assemblies that measure the attitude and the shipping space at any given time and they are, it is a very critical component, of pointing the guns and the radars in the right direction whereas the ship ... (indistinct) ... pictures underneath, also of course integration of GPS data for precise positioning of the ship and so on and so on.

ADV CANE: now let me ask you in that context, I assume that ... (indistinct) ... having won the bid to supply that ... (indistinct) ... equipment they have actually competed against ADS in order to do so?

ADM KAMERMAN: Directly through the German Frigate consortium in precisely the same way as the MS, we asked the German Frigate consortium to procure two competing bids from DS and ... (indistinct) ... again on the basis that ADS's prices were just simply unacceptable, we just didn't accept, there was no logical comparison or value in money and effort ... (indistinct) ... basically, I wouldn't say ripping us off but their price was pretty high, so we called ... (indistinct) ... we went out on tender, internal tender if you wish to call it that.

ADV CANE: Was ... (indistinct) ... and its managing director who I understand to Mr ... (indistinct) ... were they aware of the fact

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that ADS had been the nominated supplier of the navigation distribution system?

ADM KAMERMAN: Yes for a number of years.

5 ADV CANE: How if you can do you explain the continued contentions by Mr Young throughout the years including to this commission pertaining to the fact once nominated the state had in fact selected a particular supplier and prescribed in conclusion into the contract base line to the main contract?

10 ADM KAMERMAN: Well I can only say what I said to the Joint Investigation Team on the record as well as off record which led to a libel charge against me by Mr Young, so I won't traverse that, I can only say that all of the 18 companies ... (indistinct) ... perfectly aware they were not and were never selected by the participation on project ... (indistinct) ... Sitron.

15 And I say that with conviction, because many companies didn't get the work that they were doing ... (indistinct) ... under Sitron. We deleted a lot of work and we engaged in competitive actions amongst those companies, where by the logic of them being exclusively nominated and
20 thereby selected it just didn't ... (indistinct) ..., but not only that and this is a very important point, when we came to the show down ... (indistinct) ... for the combat system, we wrote a document called the user, the South African Navy User Requirement Specification for the Combat suite, exactly as we
25 had said in the RFO, and we issued it to our main contractor,

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the preferred supplier of German Frigate Consortium and asked
...(indistinct)... and bring us back offers for the ...(indistinct)...

In that document, and I wrote it ...(indistinct)... of
course my colleagues supported that and contribution, but we
5 had ...(indistinct)... what we call these people and I, myself
and ...(indistinct)... were very explicit, we will call them as we
did, candidate suppliers.

...(indistinct)... rather bizarrely for someone who
understand English and probably logic says well by saying
10 candidate supplier that means they should have been selected.
It is a completely false statement, we listed them as candidate
suppliers precisely to allow the main contractor to offer them
as candidates or offer anybody else as candidates as well,
there was no inhibition on the main contractor, indeed on a
15 number, probably nine or ten occasions we reminded the main
contractor of his obligation to offer cost effective alternatives,
and in certain cases demanded from ...(indistinct)...

ADV CANE: Now in the same context how does the joint venture
between ...(indistinct)... make sense?

20 ADM KAMERMAN: Well it simply didn't make sense,
...(indistinct)... competent, in fact ...(indistinct)... is a bit of a
...(indistinct)... because what they as you see in the annexure
is actually British Aerospace PLC that was the joint venture
partner, several 100 thousand people producing aerospace
25 vehicles in the United States and so on and so forth, a huge

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company, but as I alluded or stated this morning also producing a lot of naval company equipment.

So there was BAE this literally 5 ton elephant on the parade ground, and then there was ...(indistinct)... 20
5 people and producing at that stage had produced a technology demonstrated Data Bus, and that's not to derive ...(indistinct)... superb technology that was vested in, in that small company.

...(indistinct)... was our parent for years and years,
10 but simply you've asked the question did it make sense, well it didn't make sense.

ADV CANE: The purpose of the joint venture being?

ADM KAMERMAN: The purpose of the joint venture was exactly as they stated, to offer a complete combat suite as an
15 alternative including the logistic support of that combat suite, i.e. to displace ...(indistinct)... contractor or even as the subcontractors to provide a completely new combat system, they would have had to offer that and I believe they did offer that to the German Frigate consortium, I don't know what
20 transpired, because it was only reported to us by ...(indistinct)... who was the manger of the GC, that they had considered this and ...(indistinct)... with due diligence or whatever you want to call it, it wasn't just a flippen thing, but there was no way that they were going to switch to a British
25 supplied ...(indistinct)... because they knew that our designers

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were South African combat suite.

ADV CANE: Is it correct then that the purpose of that joint venture would have been to procure the bids in relation to items and equipment or there had been a candidate supplier
5 ... (indistinct)... or a nominated supplier ... (indistinct)...?

ADM KAMERMAN: Oh yes, that's an element, you can argue to ... (indistinct)... whether the nomination means selection of candidate means selection, just look at the old story where you say follow the money, follow the actions, what Young did was
10 to place, to make an alternative bid by himself and a British consortium which I said earlier this morning he is perfectly entitled to do, it is not illegal, but by doing so he destroyed all notion that the term nomination or candidature ... (indistinct)... anything other than exactly ... (indistinct)...

15 It was not selection, because he was proposing to ... (indistinct)... completely ADS for the combat management system, the combat system integration, the management system, the video switching unit and all of those other nominations and candidatures that was ... (indistinct)... or
20 accorded by the State to be ... (indistinct)... portion of the combat suite, although I must caution we had not intent to thereby select ADS, they were subject to competition like everybody else.

ADV SNYMAN: Thank you, in relation to the topic of
25 ... (indistinct)... the ADS and those earlier days you mentioned

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that Young had set up another company once he was in ADS's employ?

ADM KAMERMAN: Yes.

5 ADV CANE: Now on its own that wouldn't necessarily be ... (indistinct) ... to which you were alluding, what was the nature of that company and did it create hostility?

10 ADM KAMERMAN: Yes unfortunately it did, because if it had been a company for domestic workers or something like that fine, but it wasn't of course, he was at that stage a managing engineer on the full time employed of ADS, and he set up a CC
15 Called ... (indistinct) ... whose function and purpose was to design, manufacture and sell the technology that he was busy with engaged in full time at writing his Master's thesis and subsequently his doctoral thesis on the technology of Data Bus and Data Bus integration ... (indistinct) ... and which was
20 precisely the job he was doing in ADS.

25 So in the first instance ADS had an issue of him reaching his employment conditions because he was absolutely not allowed to work like, like most of us I had those same provisions in my contract, I'm not allowed to work privately unless I have the permission of my employer, these are pretty standard stuff.

In the second instance there was an incident where he had not only kept the secret but he was invited or instructed to go oversees by ADS and present a paper at a very

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prestigious overseas meeting on Data Bus technology designed
...(indistinct)... and so on.

5 So he went overseas as an ADS manager and ADS
...(indistinct)... the proceedings of that conference where they
found out, for the first time they had found out that he had not
in fact even mentioned himself, not in the presentations, the
slides anything else, but had in fact presented the presentation
on behalf of a company called ...(indistinct)..., he had given
his business cards out as Mr Richard Young from
10 ...(indistinct)... and of course that was an issue to ADS, I don't
know what transpired, if this is a true story, at the end of the
day they parted ways in a very say, at a serial manner. He
then left the company.

15 He claimed in the joint investigation team, this was
something again to damage his credibility, in fact he didn't
claim, he made a categorical statement in writing which is still
on the record under oath, sworn to the testimony to a
government appointed investigation that he had established his
company in 1992 after leaving ADS. Well it didn't take ADS
20 lawyers more than a couple of minutes using the company
registration Act to pull out of him that in fact that was a lie,
and he had propagated business with a parallel company owned
by himself in secret while still engaged as a full employee,
ergo of course what about technology, what about intellectual
25 property and all of those things.

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...(indistinct)... but the two of them were not, they did not part as friends.

ADV CANE: Thank you, lastly you have made a couple of corrections to your statement ...(indistinct)... in your testimony, but given those corrections or taking those corrections into account rather would you be prepared to confirm that your statement is true and correct?

ADM KAMERMAN: I absolutely confirm under oath here and now that my statement is true and correct.

ADV CANE: Thank you, thank you commissioner those are my questions.

CHAIRPERSON: Before I excuse the witness, let me find out from Adv Snyman what she wanted to say before the witness was re-examined. I understood it as saying that you don't intend cross-examining now, but then wanted to make some other points, can I hear you on those points?

ADV SNYMAN: That is correct thank you Chair. The chief aspects which I wish to address the commission on as to why we can't cross-examine this witness now I will proceed to make, and firstly providing the interested parties with two days or even effectively one night to read and analyse the witness statement of 108 pages with so many annexure which ran to 663 pages and contained detailed material disables the party from preparing and conducting a proper cross-examination on such detailed material.

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It appears to us that the manner in which Adm Kamerman has been treated is inconsistent with and more favourable than the manner in which our clients have been treated in at least two respects.

5 First, it is clear that this witness has been given advance access to the draft witness statement of Richard Young and the joint submission our clients Andrew Feinstein and Paul Holden before writing his witness statement, and appearing before the commission. While the so-called critics
10 or our clients have not been treated in this manner.

They are required to prepare, to cross-examine without advance access to the submissions and statements of other witnesses, nor the documents which they rely on. The second aspect is that the witness has, or appears to have been
15 granted access to documents in the possession of the commission, presumably at his request.

We however are still awaiting the provisional documents we have requested from the commission over a period exceeding 12 months.

20 CHAIRPERSON: So now can we deal with the question of cross-examination of this witness, you say you can't because one the witness was given documents in advance which your clients does not have, two, you say that you were not given enough time to look at the statement of the witness, those are
25 the two issues that ...(indistinct)...

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...(indistinct)... some long document there
...(indistinct)... I'm not quite sure how long that is going to
take, is the two points that you are raising that you are saying
to me that you are unable to cross-examine this witness at this
5 stage because of those two points?

ADV SNYMAN: I haven't finished making my second point
which would take me probably another 15 seconds. We are still
aware, this is continuing my second point, we are still awaiting
the provision of documents which we have requested from this
10 commission over a period exceeding 12 months including
documents that would be of relevance to this witness, and
without access to such documents a proper examination would
be impossible.

Our clients cannot rely on documents in the
15 possession of the commission, because we are not getting
access to them, and our clients cannot rely on documents which
they have sourced outside of the commission, such as the draft
auditor general's report because the commission has ruled such
documents inadmissible. So it is under these circumstances it
20 is not possible for our clients to conduct a proper cross-
examination, they are disabled from doing so, despite the very
serious allegations made by this witness against our clients.
We therefore decline to cross-examine Adm Kamerman at this
juncture and reserve the right to request to cross-examine this
25 witness at a future date once we have received the requested

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documents which we have requested in correspondence related to this commission over the last 12 months. Thank you those were the aspects which I wish to address this commission on.

CHAIRPERSON: Thank you, Adm Kamerman I suppose from
5 here you are going back to Germany?

ADM KAMERMAN: Indeed I do sir, I have no choice, in fact I just came from New Zealand to hear that I must be back behind my desk.

CHAIRPERSON: Thanks a lot for coming here to come and
10 testify, you are excused.

ADM KAMERMAN: Thank you very much sir, I'm much obliged and privileged to have given my evidence.

CHAIRPERSON: Thank you.

NO FURTHER QUESTIONS

15 CHAIRPERSON: Adv Lebala?

MR LEBALA: Chair I know the ...(indistinct)... address the commission. I thought the ...(indistinct)... was also here to give direction as to what is going to happen if the subsequent witnesses were to come before the commission.

20 CHAIRPERSON: ...(indistinct)... who can tell us exactly what is going to happen?

ADV MDUMBE: Chair and Commissioner Musi, Adv Mphaga and Ms Ramagaga have met with Mr Naidoo, Mr Naidoo was supposed to appear before the commission on Thursday and
25 Friday, they have gone through all the documentation that Mr

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Naidoo has made available to them and the documentation that the commission has made available to them, and have subsequently identified additional documents that they deem relevant to their evidence ...(indistinct)... as a result of that
5 Chairperson they are not in a position to call Mr Naidoo on the 29th and the 30th.

They request leave from the commission to call that witness on 9 June, and if the commission accedes to their request our next witness will therefore be Mr Kasrils who was
10 the Deputy Minister of Defence at the time of ...(indistinct)...

COMMISSIONER MUSI: I'm rather a bit uncertain what Adv Snyman ...(indistinct)..., don't you have the statement of the witness ...(indistinct)... don't you have it?

ADV SNYMAN: Commissioner Musi we have them, we
15 received them yesterday morning at 10:30 as the proceedings began.

COMMISSIONER MUSI: But now you're talking about other documents that you say you can't cross-examine because you don't have some other documents, ...(indistinct)...

ADV SNYMAN: There are a range of documents, they
20 referred to the documents which we have been requesting over the last year, two in particular would be the draft Auditor General's report and the Debevoise & Plimpton report, but it is not just that those documents are not included in the witness's
25 own annexures because seemingly that any party or interested

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party request to cross-examine the documents outside of those attached to what would be favourable for the witness to disclose, it would make sense that ...(indistinct)... as we have been requesting them in order to prepare to cross-examine this
5 witness and others.

Commissioner Musi if I may add, I understand that this weekend there were discussions amongst the secretariat and the commissioners in order to respond to ...(indistinct)... most recent request for access to documents, which is a repeat
10 request of the documents that we have been requesting for the last year, it would be very helpful for us to have this response to our request for access to information, so that we know and be in a position to advise when we would be able to apply to cross-examine the particular witness, but we are still waiting
15 for a response from these requests, the response to these requests for documents.

COMMISSIONER MUSI: I'm interested in your inability to cross-examine this particular witness. You've got the statement of the witness, you've got all the documents that
20 have been used in his testimony and you're still not able to cross-examine, why so?

ADV SNYMAN: Commissioner Musi I can take it no further than what I have already submitted.

COMMISSIONER MUSI: Thank you.

25 CHAIRPERSON: We are going to adjourn until 2 June and

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our next witness is going to be Mr Ronald Kasrils, the former deputy minister of defence. Can we make certain that his statement or the summary of his statement is put on our website as soon as possible.

5 ADV MDUMBE: We will do so Chair.

CHAIRPERSON: Thank you, Admiral travel well thanks a lot or coming to testify. We are now adjourned.