

ARMS PROCUREMENT COMMISSION

Transparency, Accountability and the Rule of Law

PUBLIC HEARINGS

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HEARING ON 11 MARCH 2015

CHAIRPERSON: Thank you. Good morning. I see we have done slightly better today, time wise.

ADV SIBEKO: Indeed, Chair. There were no accidents today, just a
5 volume of traffic that I managed to navigate through.

CHAIRPERSON: Thank you.

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

ADV SIBEKO: Dr Young, do you have your statement in front of you?

DR YOUNG: Yes. I do.

10 ADV SIBEKO: Can I ask you to turn to page 62 of your statement and turn your attention to paragraph 278?

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

ADV SIBEKO: Before that, when we stopped, when you stopped giving evidence yesterday, we were busy with the reference you have
15 made to the German report that you started to bring into the record and the Commissioners have been ruling, pursuant thereto.

DR YOUNG: How could I forget?

ADV SIBEKO: Now, before we proceed with these allegations, of corruption, relating to the, the Corvette platform, I believe that there are
20 some remarks you wish to make, before we proceed with your evidence?

DR YOUNG: Yes. Okay. The first is a semi administrative matter. Yesterday the, the Chairman asked me for the contact details of Detective Chief Inspector Andreas Bruns. I said I had to go back to my
25 email records. I would also like to put on the record that my first

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interactions with the Commission, were around about May 2012, when I was visited by Advocate Fanyana Mdumbi and Kate Painting and I have an email from myself to her, in response to her request. Attached to my email was a very comprehensive five or six page list of about 100
5 different relevant parties. But, on the last page, which I have in front of me, are the contact details of Andreas Bruns and his position, as Detective Chief Inspector and his telephone number and his email address in Germany. Right underneath it is a relevant party, Harry [indistinct] from the prosecutor's office. What I also have in front of me,
10 in terms of the full addresses of, of Andreas Bruns. It is an email from him, with all his details, which I, I will provide, to the Commission, to the Chairperson. But, I, I see yesterday there is a news article, which is saying that I got this, these report from officials. I want to reiterate what I said yesterday that I never received these reports from officials. In
15 fact, Andreas Bruns here says:

"Dear Mr Young, only the office of the public prosecutor of Dusseldorf is responsible to give information in this matter. Please request information there."

And they give me, they give me contact information. So, that, that
20 covers that particular point. I do want to say a few other points, but I, I can do them in just a minute or two, to get this issue of the, the German investigation report, all three of them, behind us.

CHAIRPERSON: Just hold on. Before we, we will proceed. Thanks a lot for that information. Can you make those copies of those documents
25 available to us?

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DR YOUNG: Yes. I have got one copy. It is my reference that I make the stuff available to you only. If, if the ruling is that multiple copies get made, then I, I will accept that.

CHAIRPERSON: At this stage, I do not think it is necessary for us to
5 make multiple copies. There is nothing wrong. One copy will do.
Thank you.

DR YOUNG: I would hand it over to my learned evidence leader and he can hand it up to the bench.

CHAIRPERSON: Thank you for the documents, Sir.

10 DR YOUNG: That is a pleasure. As I said, I think we need to close off the decision. But, it, in my view it is both relevant and appropriate, not just to leave it hanging in the air. But, as I said, I do not even think that we need to address the other two German reports, to which I refer. They are all companion reports. The next one is RMY 53 in English and
15 then, the RMY 54 in its, it is the German one and its translation. We can, we can move over those. But, despite what was said by Advocate Kuper for the Department of Defence, about, in a slightly, well, substantially disparaging terms about my inability or my reluctance to provide a, the, the basis for the [indistinct] to receive this document. I
20 am pleased to see that very, in the proceedings yesterday, the Chairman himself, advised us that he was in possession of this very same document, himself. So, hopefully that would vouch for the authenticity of it. As I said, there are three in the same series and I hope, hopefully that applies to all three documents. Hopefully the
25 Commissioners are in, also in possession of the, the other two. I also

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might say, in response to, I think, it was Advocate Moerane, yesterday that the investigations were stopped. In my, my evidence is, as these documents are, I am not going to go to the documents, unless I get asked to, except for one, just, just one sentence here. But, my, the, the
5 investigations were indeed, stopped eventually, for two reasons. One, the statute of limitations came into play regarding the German subject of the investigation. Secondly, the failure of the South African authorities to co-operate in returns of their own MLA request, despite the South Africans issuing a MLA request, that whole process actually died, for
10 some reasons, unknown to me. That was the reason for, for that investigation coming to an end, if I may just quote one relevant sentence from the report in that regard? It says here and you can take me to the relevant [indistinct] but this is my own view as well. But, the report says:

15 *“In the meantime it seems that officials in South Africa consider own investigations.”*

CHAIRPERSON: I am sorry. I am sorry. Which report are we referring to and where does it appear? In which one are you reading now?

DR YOUNG: I am referring to the report of yesterday, where we left
20 off, which is my page, well, sorry, not where we left off. It is almost at the end, my page 37 of 40. So it is three from the end and it is just above a heading that says Antony Georgiadis.

ADV SIBEKO: That, that should be RMY 52. It is in file four. What page is this?

25 DR YOUNG: Your page, it is page 37 of 40, so it is three from the

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end.

ADV SIBEKO: It will be page 1112 of our document. Which part of the document would you like to refer to?

DR YOUNG: Okay. It is about four lines, above the heading that
5 says, one, Antony Georgiadis. I just want to read the one sentence in, it is that:

"In the meantime, it seems that officials in South Africa, at least consider own investigations and declared (I think, they mean declare) full co-operation with British and German authority. Reality will prove."

10 And in my view, part of the reality is this very Commission.

CHAIRPERSON: Just hold on, Dr Young. We are still trying to find the paragraph.

DR YOUNG: I am very sorry. My evidence leader asked me to proceed.

15 ADV SIBEKO: I, I beg the, your pardon, Commissioners. It is at page 1112 of our papers. The sentence that the witness has just read into the record appears in paragraph, just below the line that appears at the end of the first paragraph. The sentence he is reading is the last two sentences of, on that page. It starts with, yes, of the second paragraph.
20 There is a part. And you are saying the reality is?

DR YOUNG: Well, the reality in the context of its own investigations is this very Commission itself. That is why I deemed that these reports, it was one of the reasons, because there are lots of reasons, but one of them why they are relevant, to address to the Commission.

25 ADV SIBEKO: You have referred to at least two further reports, two in

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English and one in, written in German that you had sought to rely on. In fact, they are referenced in your statement, which deal with the same subject matter and you refer to these as sister reports. Is that correct?

DR YOUNG: Yes. This, the word sought is in the wrong tense. I still
5 seek to rely on them. But, I do not intend to read any of them, any part of them into the record.

ADV SIBEKO: Now, these appear in our documents as RMY 53. That is the first one. It is dated 23/08/07. That appears at page 1116.

DR YOUNG: That is correct, yes.

10 ADV SIBEKO: And it, it is referred to, in your statement, at the end of paragraph 277. Is that correct?

DR YOUNG: That is correct, yes.

ADV SIBEKO: What is it that you would like to highlight, in respect of that report?

15 DR YOUNG: No. I said there is nothing that I want to highlight. But, it was all there, I could have. But, I think, most of what I wanted to do is traversed in, in the first report. In fact, this one starts off by saying editorial reference. There are some corrections. But, again, it is a 22 page report. There is a lot of relevant material in here.

20 ADV SIBEKO: It deals with the allegations of corruption that you have already referred to.

DR YOUNG: Very much, indeed, with the same parties, the same persons, being referenced, from start to finish.

ADV SIBEKO: Now, a, a further document would be the report, written
25 in German, which is RMY 54, our page 1140. I have, not many of us

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read German, but I believe, the translation thereof is in RMY 55. Is that correct?

DR YOUNG: Yes. That is correct.

ADV SIBEKO: RMY 55 is at page 1156. Now, RMY 54, the German
5 reports, that is the document, you deal with in your paragraph 278 of
your statement. Is that correct?

DR YOUNG: That is correct, yes.

ADV SIBEKO: And you say, this document provides further
documentary record, with regard to the details of the parties involved.
10 The amounts involved in the transfer of what the German authorities
believe to be the bribery payments, in the same way as those referred
to, in your RMY 52. Is that correct?

DR YOUNG: That is correct, yes.

ADV SIBEKO: Now, referring to RMY 55 and if you just put a finger on
15 RMY 54. You will see the date on RMY 54 is 07/05/2008.

DR YOUNG: That is correct, yes.

ADV SIBEKO: And if you turn to RMY 55, it is page 1156. The date
there appears to be 13/02/2007. Is it your evidence that the report in
RMY 55 is a translation of RMY 54?

20 DR YOUNG: Certainly, the, the [indistinct] content of it, yes.

ADV SIBEKO: So, both these report deal with the same subject
matter.

DR YOUNG: Yes. As far as I know. It is, it is only the content of the,
of the document that was translated.

25 ADV SIBEKO: Now, in your, if I ask you to turn your attention to

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paragraph 280. You mention that in, in the light of the contents these three reports, or from the German Investigating Authorities, there are the problems, of circumstantial grounds for believing the allegations to be true. What is the basis of that including?

5 DR YOUNG: Well, there are three reports, as you correctly pointed out ...[intervene]

COMMISSIONER MUSI: I am sorry. I am sorry. I am sorry. Just, just, clear one thing so we know, so what is happening here. You say that RMY 55 is the translation of RMY 54. But, the translation precedes the
10 document.

DR YOUNG: What I have said is just, just the contents of the translation. Obviously, something went wrong with the, with the head, the header part of it there. But, can I ...[intervene]

COMMISSIONER MUSI: You, you see what I mean, Advocate Sibeko?
15 RMY 54 is dated 7th May 2008, whereas the translation is dated 13 February 2007. The translation precedes the actual document.

DR YOUNG: No. It is not. What I, what I said is that there, I, I did an automatic translation, as I described, using, so I used the google, google translate and what, the way one does it, one just cuts and paste
20 information on a piece meal basis. Obviously, I made a mistake there, in, including the, the wrong, the wrong header, of the, of the previous document. But, the correct, the correct document, the evidence document is, is the German one. That is the correct one. The, the English translation was, first of all for my, for my own use, to understand
25 what, what the previous one said. I have included it, in these, in my

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witness statement, the English translation that is, because obviously, I relied on the English, the English version and not on the German version.

ADV SIBEKO: Now, Dr Young, can I ask you to go back to RMY 52
5 that is at our page 1076.

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

ADV SIBEKO: Now, you, you will see, if you have a look at page one of that document. It is also dated 13/02/2007. It starts in the same way as RMY 52 starts. Would these be the same documents?

10 DR YOUNG: They are not the same document. They, they are from the same series of documents. As far as I can see, from that head there, the only, the only difference is, is the date. The, the rest, the rest, which identifies the origin, the document is the same, as far as I can, I can see.

15 ADV SIBEKO: Now, the two documents are, they have the same number of pages, if one has regard to RMY 52. The first page thereof, is one of 40 and RMY 55 is also one of 40. They basically are identical. Perhaps, the document that went into RMY 55 is not the correct document.

20 DR YOUNG: No. The contents are all correct. What I, what I have done, is just trying to put together a pdf version of a translation. It is the header, the header and the footer that has, has been incorrect in these. But, I am, I am not seeking to rely on the, in fact, I am not even traversing that document at all. So, I am not, I am not using the English
25 version at all. What I am stating for the record is that the German

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version is the original version. Anybody seek, want to seek to rely on any, any part of that, they need to refer to the German version and get that officially translated. I was only, I need to state, I, I have only been trying to be helpful, in providing an unofficial translation.

5 ADV SIBEKO: Alright. We were beginning to deal with, what you state in your statement at paragraph 280. Do you have that before you?

DR YOUNG: Yes. I do.

ADV SIBEKO: I have put the question to you that you stated in this paragraph that having regard to the contents of the documents, or these
10 reports that you have referred to:

“There are cogent circumstantial grounds for believing the allegations.”

That sounds like a conclusion. What is the basis therefore?

DR YOUNG: Well, in my own mind, these are genuine documents. If
15 one reads them, they, these are, these are not just summaries. There are detailed references to search and seizures, to other documents, to dates, to other relevant circumstances. There are three reports. The second report, the second report partially corrects, corrects the first report. Then, the third report, the correct date is in 2008, is a year later.
20 So, anybody, looking at the documents, knowing from where when they emanated, knowing the contents, it certainly gives somebody, like myself, the impression that they are genuine documents. If they are genuine documents, one would hope to believe the content. It is also genuine and the contents certainly do, do give one the, the belief that
25 they are, at least, possibly true. Certainly, if such a report were ever

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written and provided to the South African authorities, then I, I believe it is worth, worthy of independent investigation, by both this Commission of Inquiry and any other relevant investigation, regarding the strategic defence packages. Earlier, in your evidence, you made reference to
5 what you referred to as Project Sitron phase one, or, which, which was an earlier acquisition project that you say, you were involved in personally. Do you recall that?

DR YOUNG: Yes. We, we are starting now at, now 281.

ADV SIBEKO: That is correct.

10 DR YOUNG: May, may I just finish 280? There, I have just address the, the first sentence. So, I just want to just point out, these allegations stem from the background of the Corvette acquisition. Of course, as we went through the document yesterday, there are some allegations, involving the submarines. But, I was concentrating on the Corvette
15 acquisition, as you correctly just pointed out, Project Sitron. What I wanted to point out, at this juncture, Advocate Moerane, yesterday, referred to a document, which I now have in front of me, which refers to the preliminary criminal investigation of your client Gems Gissen from the charge of tax, tax evasion. It only is one line long. So, it is fairly
20 short, sharp and sweet. But, what I can say and that was my own evidence, regarding the Corvette acquisition is, I have never, ever seen the names of Gems Gissen before. All the evidence that I want to give, in respect of those parties, those individuals are involved in the SDP's, which is the subject matter of this, this Commission. Gems Gissen,
25 certainly, in this document here, and I cannot read the German

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document at the end. In fact, even Google would not be able to do it, because it is not typed. As far as I can see, this document has nothing whatsoever to do with the strategic defence packages or, or probably even this Commission of Inquiry.

5 **ADV SIBEKO**: Yes. Now ...[intervene]

CHAIRPERSON: Advocate Sibeko, can we also get a copy of that letter?

ADV SIBEKO: The letter, is, the witness is referring to is the one that was offered to us here in, and I thought to demonstrate that the investigations that form the subject matter of the report that the witness
10 was dealing with, had been closed. I sought to address that letter.

CHAIRPERSON: Yes. I understand about that. The witness was reading the letter. I am just asking for a copy of that letter from the witness.

15 **ADV SIBEKO**: Oh.

DR YOUNG: As long as I may ask for a copy, myself.

CHAIRPERSON: I will make sure that we give you the copy.

DR YOUNG: Thank you very much, Sir.

ADV SIBEKO: Thank you, Chair. I, I was not aware that copies are
20 not available. I thought the documents were, were distributed to all the interested parties.

CHAIRPERSON: Yes. You know, I am not sure. They might have given us a copy. But then, you know, we are being given so much document documents from Monday to now, to, to date. I am not even
25 sure, which documents we have, which ones we do not have. It is

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possible that they might have given the document.

ADV KUPER: If I may indicate, Chair, that no copies were distributed, as far as I know, certainly to us, or to Advocate Moerane. We were just shown the letter, which I may say, was not German, but was in English.

5 CHAIRPERSON: Thank you.

ADV SIBEKO: I believe the document is going to be copied, as, as we proceed. I, I believe the document was provided by Advocate Mdumbe yesterday, pertaining to what [indistinct].

CHAIRPERSON: Thank you. Maybe, let us proceed. I think, we have
10 dealt with the, with the question that I had.

ADV SIBEKO: Dr Young, you were about to deal with what I have referred to earlier, as your evidence given a couple of days ago, with regard to the acquisition, relating to Project Sitron one. I believe this is intended in your evidence, to draw a link between what you believe were
15 the German [indistinct] in trying to get involved in the acquisition of the SDP's, when they were previously excluded.

DR YOUNG: That is very correct, including the allegation that is coming out of the German report that it was Tony Yengeni, as the Chairman of the Parliamentary Joint Standing Committee of Defence,
20 who received a bribe of 2.5 million Deutsche Marks from this company, Thyssen and used the defence review in order to stop the first phase of Project Sitron.

ADV SIBEKO: Now, you also said that ...[intervene]

CHAIRPERSON: I am sorry, what is interesting on that point here. Dr
25 Young, do you know how Mr Yengeni stopped the, in the, the

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acquisition? Because, I think, from the document that I have seen, he was a member of the joint, or, or the portfolio committee. In that capacity, how did he manage to, to stop the acquisition?

DR YOUNG: No. As the document said, yesterday, he, and I have
5 said he was a member, he was a chairperson or chairman of both the
Portfolio Committee and there are two, there are actually two
committees. So, that is the Joint Standing Committee of Defence, as
well as Chief Whip in the, in the ANC, the ruling party. As the document
says yesterday and these are not my allegations, they just ones that I
10 am repeating. Is that in that position, he had the power, for want of a
better word, in order to advise the relevant parties that there is, the
Corvette project should not be approved in May 1995. But, instead, that
the defence review, which was a Parliamentary initiated action, should
the action take place in advance. That effectively meant that the
15 Corvette contract was stopped, where the Corvette acquisition process
was stopped at that point.

CHAIRPERSON: From your knowledge of the process, because you
were involved, how could he, in those three capacities, possibly stop the
acquisition of the Corvette? What, it was his own decision? Or you are
20 saying that, he just stood up, whenever he was saying, you stop this
and then everybody else complies. Or if not, how could he possibly
have done that? Because you seem to be suggesting that, you believe
this is what happened.

DR YOUNG: Yes. I am, I am suggesting that, what happened. But, I
25 am, I am doing that as, with specific reference to the document that we

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traversed at, at great length yesterday. That document, and I will not try to find it right now. I certainly can, because I have got a digital search capability, that we wasted, sorry, we used a lot of time yesterday. But, that document, it actually says and I am working from memory now, that
5 Yengeni actually told Hoenings, who wrote the, the agreement that he was responsible for stopping the, the Corvette contract. It is not, this is not, well, it is my evidence. But, it is based upon the [indistinct] where we call it the secondary evidence, to which, to which I am referring.

CHAIRPERSON: I will tell you. I am raising these difficulties, because
10 it clearly shows you, what difficulties we are going to have, if at all, you are going testify about other documents. Once you are trying, and try and find more information and say I cannot give you more information. It is what the document says. Well, just, up to now, up to now, you have made this allegation. I cannot simply, I cannot imagine how Mr Yengeni
15 could possibly, singlehandedly have told everybody and said that, let us stop this acquisition process and start all over again. This is what I am trying to find out from you, in your own mind, how could he have possibly have done that?

DR YOUNG: Okay. In my own mind. We are still going to come to
20 that, in, actually, I think, almost the next document. [Indistinct] there are two relevant document, which refer to the Germans coming to this country and having meetings with, with Armscor and the Chief of Staff Plans, who is effectively the Director of Naval acquisition. It actually says that they were now going to work the political route and were not
25 prepared to divulge their political contacts. But, my information was that

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their first port of call, after Armscor and the Navy, was indeed the Chairperson of the Joint Standing Committee of Defence. That is the first, that is in my view. The documents that come up, my whole complex theory, unfortunately there is complex, but it does not say it is the invalid theory. It certainly addresses that. That is the reason why, people trying to marshal all of these bits of information, including what is in the report, what is coming in, in these next documents, the German bribery agreement with, with Tony Yengeni, all point to the same thing. They, they all are cogent, maybe not necessarily valid, but cogent reason to point that the Sitron phase one was stopped. It was not only the defence review that stopped it. Sitron round two started in 1997, a couple of years later. From not being involved at all, sorry, not being involved in the short list of round one, they actually won the contract. I think that that is the first point. Another point is, again, it is a little bit sensitive for me now. But, the whole issue of me addressing issues of corruption, irregularity, if I, if I cannot formulate my own view, from the documents that I have, and which I am trying to share with the Commission, then I might as well go home. Sorry, I might as well go home right now, because I do not really have that much to say, that, in terms of stuff, which I, which I have been involved in the, in the thick of things and written or received documents. So, I thought that we actually went past this yesterday, that I am using documents. In fact, I have not re-crafted my evidence statement, to deal with that. I am trying to work through it, basically online, on the fly. But, if, if I have to do that, then it certainly is a point that I, an option that I presented to my evidence

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leaders yesterday. Is either I completely withdraw from this Commission right now, or if I have to re-craft my evidence, in terms of my witness statement and the documents, to which I refer, then I need to go home, for three to six weeks, to re-craft my evidence. I am putting that on the
5 table right now. If I, if I have to, if I am still wanted at this Commission, but I am not allowed to, to address my, the, my evidence in the way that I have been doing for two years, over a, an effort of 2 000 man hours, then I have to add more effort. But, I cannot do it on the fly, upon my now. I certainly could not have done it, in between half past four, five,
10 yesterday afternoon and I was here at eight o'clock this morning.

CHAIRPERSON: Dr Young, if you are going to testify here, I think, I am entitled to ask questions, if I need clarification. By doing your clarification, you make a point, and I need clarification, I am going to ask you questions. I am sure, you do not expect us to sit here and allow you
15 to rattle through, whatever you want to rattle through, without us asking questions. I am going to keep on asking you question, where I think, I need clarification.

DR YOUNG: Yes, indeed. And I also have the right to respond.

CHAIRPERSON: Thank you. You have the right to respond. But, I do
20 not think you have a right to keep on threatening us that you will leave. I do not think that is the right way of dealing with things. If I ask you a question, answer the question if you can. If you cannot answer the question, tell me that you cannot answer the question. But, please, do not threaten us and keep on saying that you will walk out, if you want to
25 walk out. Please do not do that. Advocate Sibeko?

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ADV SIBEKO: Thank you, Chair. You, you were in the process of dealing with issues, arising from the acquisition, with regard to Project Sitron one and the conduct of the Germans in how they tried to get back into the race, that, from which they happened to be excluded. As I recall, you were doing this in, in relation to a document, you referred to, in, in your files as JEGK 15 Memo 1995/01/18, which is our RMY 56, which is at page 1196 of our bundles. That discussion is taken up at, as from paragraph 285. Do you see that? Or you would like to take it from 281 and put it in context?

10 DR YOUNG: Yes. I am going to try and be brief. But, I am, I am now dealing with my evidence in a completely different way and this is my first test. So, I am trying to align, align myself with the new dispensation and not only to refer to documents that I have tendered as necessary. In this particular instance, my witness statement does address most of it. But, in the, okay, for the, for the context, for the introduction of the context, there is, as I have said in my paragraph 282, the, for whatever reasons, which I do, which could be read in my document, my witness statement, the Minister of Defence determined that both Spain and the, the UK. That Bazan of Spain and Yarrows in the UK should make the final short list of the two and exclude Germany. If I may also point out, it is important, I doubt that that was a, a regular Modac acquisition process. Nevertheless, so as I have said in 285, the Germans were not taking this, lying down and consequently requested a meeting with the Chief of SA Navy and the Chief of Naval Staff Plans, Rear Admiral Howe, who became Director of Naval Acquisition. That is what he was,

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at that stage. The meeting was held on the 18th of January 1995, with the group, representing the GFC and the CNS, as well as two Armscor representatives, responsible for the acquisition. That is Erich Esterhuyse and Byrall Smith, both who have been witnesses before this Commission, before, before me. The document refers to a separate meeting with the managing director of Armscor at the time, being Tielman De Waal. I have, hopefully correctly, because I cut and paste this and I did not even dictate it with my dragon, naturally speaking. So, hopefully I have got the, the, everything correct, or so I see that I have not used inverted commas. But, Admiral Howe provided a written recordal of this meeting, as follows. I also do not want to be accused of cherry picking. It is certainly one of the reasons why I was carrying on, on the side of more of [indistinct] than less. But, where my, my mind, my eyes tell me that I need not address something, then I am going to be leaving it out. I am not trying to cherry pick. I am just trying to do what, what the Commission's order was, yesterday. Anyway, what is important is that the paragraph 3 is says:

"The Germans are obviously upset that they are not in, in the final two and they have been told by Mr De Waal that they may submit an unsolicited proposal."

Paragraph 4 says:

"The following was discussed and Mr Koopman did all of the talking from their side:

4.a The Germans had discussed the unsuccessful bid with Vice President T Mbeki, during his visit to Germany. Mr Mbeki is reported to

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have said that there have been procedural problems/errors and no one should have been taken out at this stage. Both Mr Smith and myself gave the assurance that there had been no procedural errors at Armscor/Navy level.

5 *4.b It was pointed out to us that the Spanish and British price escalations over the past 10 years have been much higher than the Germans. Mr Esterhuysen assured them that all these factors have been taken into account.”*

I am not going to try and analyse the import of that. I think it is
10 important, but the relevant documents, as Advocate Sibeko says, I have referred to, at the end of that paragraph 4b.

ADV SIBEKO: Now, if you turn to page 2 of that document or at page 1197, it is signed by, or it appears to have been signed by CNS Plan Commander AH Howell. Do you see that?

15 DR YOUNG: That is also correct. It also seems to be, written, a handwritten, annotated by seen by, seen by Navy, with a date, whatever and there is a, also a handwritten note by Pop Sitron. I have, I only got this document. I only got this document not last week, the week before. So, it is pretty, pretty new for me. Maybe, I, no, I will try and read this. It
20 says:

“By Pop Sitron, project officer, Project Sitron.”

It says:

*“I am informed, by other sources that Armscor has in fact, encouraged the Germans to submit an unsolicited proposal and that
25 meeting, they all highly irregular and another indication of a different*

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agenda to SAN.”

Okay. That I have not, but that, I think is a fairly important point. But, nevertheless, I think, it is also important to actually just refer right at the beginning of this document. It is an official Chief of Naval Staff
5 memorandum. It is to the Chief of the Navy, the director of projects, I am not sure who that was and the project officer, Project Sitron. Indeed, the document that I have here is indicated as JEG and for the simple reason that this is a document that was provided to JEGK, who is Admiral Kamerman, who is sitting here today. The 15 refers to, it was
10 the 15th document, addressed in his Section 28 interview with the Joint Investigation Team.

ADV SIBEKO: Now, subsequent to that, you deal with the offers that were received from Bazan and Yarrows, pursuant to the RFFO, in January 1995. Does anything turn on that?

15 DR YOUNG: I, I cannot think of anything that is particularly important right now.

ADV SIBEKO: You then proceed to say after these had been accepted by the Naval Board, the Germans were still not accepting defeat and they switched their strategy to the political arena. You mentioned your
20 intention to deal with that. Carry on.

DR YOUNG: Yes, indeed. And that is coming up in the next document JEG 16, which was the 16th of the documents out of that Section 28, which means, that is where it comes from. Something that I have been requesting from the Commission for the last couple of years
25 and it got to me, the week before last. That is why I am not fully familiar

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with the handwritten parts. But, if I may say, in the, in the context and this is not an analysis. It is just a fact. Where I did not, what I should have set out, the previous document ...[intervene]

ADV SIBEKO: The, the document you are referring to, in your
5 statement JEG 16 is RMY 57, which is at page 1198 of the bundle.

DR YOUNG: That is correct, yes.

ADV SIBEKO: Yes. You mentioned something about this document?

DR YOUNG: Well, this particular document, the reference is to the
10 person, doing all the talking. That is the German style, one person does
all the talking and this particular person was Mr C Hoenings, who is
indicated as being present. What I should have, should emphasize
here, is in the previous one, there is a person doing all the talking,
representing the Thyssen, or the GFC was Mr Jurgen Koopman. Those
are two people, who are mentioned at great length, in the German
15 investigation reports. What is important, it is relevant is that both these
people are accused by the Germans of bribery and corruption. In terms
of my own evidence, I suppose I could say the same, is that Mr C
Hoenings is also the person, who wrote the German memorandum, I call
the Teutonic memorandum. I think, it is fairly relevant to note that these
20 are the people, who, who were representing the Germans, in order to
get them back into the game. Back into the game, in my view, took, took
the payment of bribes. Be that as it may, this particular document, as in
front of me, I am not going to speak to the document. I will rather let the
document speak to me. But, I will refer to it in my paragraphs 288 and
25 onwards.

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ADV SIBEKO: In your paragraph 290, you actually quote, or make reference to, yes, it is quoted, quoted, what was set out in the document. Do you confirm that? What is quoted in your paragraph 290, appears on the document, which is entitled confirmatory notes of a meeting with the German Frigate Consortium, CNS plans office, Wednesday, 22 March 1995.

DR YOUNG: Yes. I hope my, my recordal is correct. But, I think, it is very important, especially, in the light of what the Chairman had asked me before. So, I will quote that:

10 *“The visit was made, to deliver three copies of the document, outlined in the German Frigate Consortium’s offer for the Meko 100 L patrol Corvette for the South African Navy. The reason given was they felt that the SAN (the South African Navy) should have a copy of what had been given to South African politicians. They were not prepared to expand,*
15 *as to what politicians.”*

We continue at paragraph 2:

“Mr Hoenings did all the talking. He was very open, as where the Germans stood, with respect to Project Sitron. They acknowledged the receipt of the note of the 23rd of December, taking them out of the running. However, they do not accept that they are out and are fighting at a political level. They are fighting on the grounds that their ship is better, as opposed to the other ships are no good. The asked for confirmation, whether their ship is acceptable to the South African Navy, as they did not want to win the political battle, only to find that the Navy were not happy with their ship. They were told that their ship had been

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found acceptable, but not where it ranked in the evaluation.”

ADV SIBEKO: At the end of that document there is a signature on the end, what appears to be instructions for action. Can you see that? It seems to have been signed by AM Howell, CNS Plan Commander, I think.

DR YOUNG: Okay. I see what you mean now. I was looking for handwritten stuff. No. I see, yes. For action project, project officer, Project Sitron, indeed, that is correct.

ADV SIBEKO: Now, without seeking to analyse that document or perhaps we should proceed to what you then say at the end of the discussion, with regard to that document that final approval of this acquisition was not obtained. After the evaluation process had been finalised. Do you care to comment on that?

DR YOUNG: Well, certainly there had been a formal evaluation process and not in my words. Unfortunately, there are words from a document that I neither wrote, nor was sent. I still believe it is relevant, is that there was a not only an evaluation process, there was a very extensive acquisition process that was followed, which took Bazan of Spain to the number one position. My understanding of it, certainly, there are other documents that prove that is that a very high level team from Armscor, I think it included Erich Esterhuysen and Chief of Navy, Admiral Howe actually gave a presentation to the Cabinet to recommend approving the continuation of the project. He awarded the project to Spain and that did not actually happen.

ADV SIBEKO: We now know that the defence review started some

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time, around 1995, after the defence white paper. The evidence is, no further acquisitions were proceeded with, as a result of the two, of the process that was embarked to, by government, regarding the defence review. Do you care to comment? Or do you have anything to say other than accept that?

DR YOUNG: Yes. I accept that. I just wanted to, me to carry on, 293.

ADV SIBEKO: Yes. You may.

DR YOUNG: Okay. It is a, just one sentence:

"It is my view sitting here, reading these documents that it was clear that the German approach, whether this be through the formal acquisition channels of Armscor and the SA Navy's Chief of Staff Plans or through the political route, were unsuccessful. A completely new approach was required."

ADV SIBEKO: Now, having commented about this new approach that was required, after the Germans were unsuccessful with the Corvette acquisition programme, in the first round of Project Sitron, you make some references to Koopman and, of Thyssen as well as Mr Hoenings in your paragraph 294. Can you care to comment on that?

DR YOUNG: I think, the only, sorry, sorry, I think the only thing that we have not traversed recently is that Mr Koopman, not only was accused of corruption, involving this very point that we are talking about. He was actually incarcerated for four weeks. I said a couple of weeks. I read it is a, four weeks and I believe that he was eventually, actually found guilty of a reverse kickback, in the German's term embezzlement and actually paid a, a nominal, a nominal sanction, in terms of a fine.

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But, at least, there was some kind of a conviction, regarding German participants in this process, in Germany.

ADV SIBEKO: What, did that conviction have anything to do with Project, Project Sitron that you testified about?

5 DR YOUNG: Yes. It is a little bit complicated. But, it involved him receiving 500 000 Dollars back, from Tony Georgiadis. I think that might have, must have come out of the 22 million Dollars that we were discussing yesterday. But, from what I, where it was directly involved in this particular process, involving the Corvette acquisition.

10 ADV SIBEKO: That matter is also discussed in RMY 52 that we dealt with yesterday. Do you recall?

DR YOUNG: That is indeed correct.

ADV SIBEKO: Now, coming to paragraph 295, you draw certain conclusions arising out of all the documents that you have referred to, regarding the conduct of the Germans and the manner in which they sought to be brought back into the Corvette acquisition.

DR YOUNG: I am not sure how valid my conclusion or relevant my conclusions are. But, I will certainly traverse it, if I am asked specifically to do so.

20 CHAIRPERSON: We are just checking to ourselves, Advocate Sibeko. You can continue.

ADV SIBEKO: Okay. In paragraph 296, you, you make reference to the MLA that we have already have already traversed, earlier in the week. Do you recall that?

25 DR YOUNG: Indeed, yes, and it basically repeats the points that both

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I have made and the investigation reports were made. It specifically, no, I do not want to traverse this in great detail. But, it specifically mentions the parties, Thyssen and the GFC. It mentions the GFC and the consortium, having initially participated unsuccessfully. That, that is the
5 point of this part of my evidence.

ADV SIBEKO: And then, in 297, you make certain observations, which are also based on the document we traversed quite extensively yesterday, RMY 52. Do you recall it?

DR YOUNG: Yes. I can see that in front of me.

10 ADV SIBEKO: Do you need to mention anything further, other than what you have stated there?

DR YOUNG: The only thing I just want to repeat for emphasis is the, the document, to which I referred, it specifically said that Yengeni told the signatory of that document that he is the person, who caused round
15 one to be, to be halted.

ADV SIBEKO: That them ...[intervene]

DR YOUNG: Sorry, that is right in front of me. May I, may I read that into the record, at this juncture?

ADV SIBEKO: Certainly.

20 DR YOUNG: And the report continues:

*“Yengeni himself claimed in front of Hoenings that he had been responsible for the cancellation of the first tender in 1995. As Chairman of the Joint Standing Committee of Defence and Chief of the ANC, he could perform strong influence on decisions, relevant for GFC.
25 Hoenings obviously gave information, in August to September 1995 that*

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Yengeni had been named as a possible successor of Modise in the cause of an expected Cabinet reshuffle. This fact makes clear, why 10 days later the agreement was signed.”

These are not my words.

- 5 **ADV SIBEKO**: Now, going further to your paragraph 299, you refer to what we have already dealt with in RMY 56, that note that says that Deputy President Thabo Mbeki had visited Germany around in, in, as referred to in that memorandum. Do you confirm that?

DR YOUNG: That is correct, yes.

- 10 **ADV SIBEKO**: Anything else you need to add?

DR YOUNG: No. Only I, the only thing I can say at this point, it seems as though some of the stuff that I address has already been traversed. I will certainly look for all the opportunities of not regurgitating, which has already been, what has already been
15 discussed.

ADV SIBEKO: You then, to proceed to the re-constitution of Project Sitron in 1997, with the same user requirements. Do you want to make a connection, between the re-constituted Project Sitron and Project Sitron phase one?

- 20 **DR YOUNG**: Yes. I just want to emphasize that it is the same user requirements base line, it does mean to say. That base line is actually the Naval staff requirement, NSR/80 version two and that certainly was my understanding. But, Admiral Schultz, who testified before the Commission, seemed to say the same thing. So, that user requirements
25 base line remained the same, same. Certainly there were some, there

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were some changes. But, I have said, essentially similar technical base line. It is also a patrol Corvette, sure, the Meko 100 L from the 1995, might have been actually replaced by a Meko 200 AS. But, essentially, essentially, apart from some equipment on board, they, they are fairly similar. So, and any, of course, what I am trying, the point I am trying to make, this is not a new project with a new base line. It has got the same project name. I can tell you the DOD is very sensitive about project names and when projects change, they give them new names. So, this meant, this was effectively the same project, Project Sitron.

10 ADV SIBEKO: If you go to paragraph 301 of your statement, you mention there that:

“Normally military equipment is selected according to the combined criteria of military performance, price, or military value.”

What, how does this impact on what happened subsequently?

15 DR YOUNG: Okay. It is by way of an introduction. I actually address the issue of scoring and the selection, based on the scoring, as well as the value systems, in, in fairly substantial detail. So, I do not want to traverse that right now. But, what I did want to, to make the point is that just as the, the Bazan frigate had been selected by the Navy, way back
20 in 1989 or so, under Project Foreshore. Again, the Spanish frigate or patrol Corvette, whatever, was selected in the first round of Project Sitron. Now we are into the second round and here, I refer to the evaluation offer, the offer evaluation, done by the Joint Project Team, consisting of members from the SA Navy and Armscor and the DOD. As
25 it says here, the, where the Spanish Bazan in 590b has the best military

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value as the most cost effective patrol Corvette offered, being excellent value for money.

ADV SIBEKO: And that quotation you pick up, pick out of the evaluation report, which is entitled international equipment offer
5 evaluation Corvette military evaluation report, which is our RMY 58 document.

DR YOUNG: That is correct and it is 86 pages. I have got no intention of even looking for that quote right now, unless you, because I have not, I have not got a bookmark for it. But, so, as far as I remember
10 that it is lifted straight out of that, that document.

ADV SIBEKO: Now, that document is dated 25 June 1998 and it appears to have been signed by PHJ De Waal. Is that correct?

DR YOUNG: No. That is not correct. That is just a, a, the person from, representing military intelligence, who declassified that document.
15 But, for the purposes of this investigation, others then also provided to me.

ADV SIBEKO: Now, the paragraph that you have referred to, if I can ask you to turn to our page 1213, it appears I think, at the conclusions part, paragraph 43. Are you able to find that paragraph? It is paragraph
20 34, yes.

DR YOUNG: Sorry, I thought if somebody was being, but my digital search found that straightaway. It is paragraph 34b. We could also see that the document was signed by JEG Kamerman, as Chairman of the Corvette military evaluation.

25 ADV SIBEKO: That, that is our page 1213 of the bundle.

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DR YOUNG: I do not know your, I do not know your numbers. So, I would, I would guess so. It sounds logical to me. Remember, just remember I also do not have a witness bundle in front of me. So, I do not even have the opportunity of checking it.

5 ADV SIBEKO: The, the page you have front of you, does it have numbers at the top right hand corner, which end with 843?

DR YOUNG: 0843, yes. I have got that, I have it in front of me.

ADV SIBEKO: That, that same page and perhaps, if you look at, under the discussion, relating to military value, under Roman one, is that the
10 paragraph, you are referring to?

DR YOUNG: Yes. That is correct. It says:

“Paragraph 34b military value, point one, the Spanish Bazan 590 B has the best military value, as the most cost effective patrol Corvette offered, being excellent value for money.”

15 ADV SIBEKO: Now, in paragraph 303, you, you refer to the GFC not having complied with the bidding requirements. This is a matter that you, you have earlier dealt with, in your evidence, in relation to paragraph 177. Is there anything else you need to deal with?

DR YOUNG: That is correct. What I, I, it probably is relevant to
20 address right now. I do say that I am in, I am in possession of a copy of the legal opinion from Armscor. I have searched my, my, what I have here, which is actually, I should not be telling anybody. This is all sitting on my computer. But, I have got a lot of stuff in, okay, I cannot find that. So, I, I, maybe like to withdraw that I have a copy in my possession. I, I
25 cannot find it. I have got genuinely, I do will not say how many, but a lot

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of documents. But, I will, what I can rely on, which is apparently, as we agreed, we as evidence, or evidence leaders and witness agreed that the JIT report is on the record, of this, these proceedings and that, basically, it says the same thing. I also have a document here, in front
5 of me, being the draft report and that refers to it, in more or less the same words. But, what it is, what is interesting is at least the draft. It does have the footnoting and the relevant numbers of the documents, on which they relied, to make those conclusions, which the final does not. So, I have them in front of me. I can open them. They are, the one
10 is on record. The one is RMY 111. I certainly do not want to waste time. But, I make that point, based upon, not the document I, of which I am in possession of a copy, but on the basis of what it said in those two investigation reports.

ADV SIBEKO: I, I believe the issue, regarding the opinion, provided by
15 the legal department of Armscor is a matter that was clarified, during the course of your testimony, in relation to paragraph 177.

DR YOUNG: I think that is correct, yes.

ADV SIBEKO: You said, further on in your 304 and 305 something that has to do with GFC clearing hurdles of not complying with the bid
20 requirements, as you have testified. Can you take us through that?

DR YOUNG: Okay. We have just covered the point of it not being recommended by the evaluation team, as having the highest military value. I think, military value consists of a combination of both best, best performance and best, obviously, lowest price. So, that was one of the
25 legs of, well, maybe I need to say. It is traditional, when buying military

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equipment to use the criteria of best military value. That is traditional, being, it is like in the olden days. In the SDP's other criteria also were, were used. Very important, both the defence industrial participation figure, the national industrial anticipation figure and the financing index.

5 All of those make up an equation and I am going to be covering that. Hopefully, not in great mathematical detail, but just a summary of it, that one can follow my logic.

ADV SIBEKO: You made observations in paragraph 305, having referred to DIP's and NIP's that GFC, this was the submarine
10 consortium, had offered 10 times the minimum of 10 per cent contract price as a NIP. How is this relevant to the issue of the Corvette?

DR YOUNG: It is relevant, because, as I have mentioned before, the Germans were hunting as a pack, called the German Strategic Alliance. It is my understanding is that, well, I will, it is not my understanding. It is
15 a fact that GFC's national industrial participation was viewed more favourably, than the Spanish, national industrial participation. On of the reasons, I am advised is that the GFC's gigantic offer also made the GFC's offer more attractive, from a strategic point of view. That is, that is the import of that particular point. But, when we look at the, at the
20 arithmetic, we will certainly see, if I am correct in what I have just said, the results of that, where, where, at GFC was very favourably dealt with in the, in this part of evaluation.

ADV SIBEKO: You conclude that, in paragraph 305, by saying:
"DIP and NIP should have been evaluated separately, without any effect
25 of the one on the other."

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DR YOUNG: Yes, indeed. My understanding and I certainly was part of the process, certainly not at this level, but, like, attended various conferences, run by Armscor on counter trade, which includes the NIP and DIP. We got lots, read the documents, which were provided to us.

5 We were involved in lots of, lots of different activities, that involved industrial participation, we will come to. So, I do have some personal knowledge of it. It is going back to 1998. It is quite a long time ago. So, I cannot say, neither my memory is perfect, nor even my understanding. But, what I am reading, most, a lot of what comes out,

10 comes out as in the JIT report and of course, in far more detail, in the, the drafts reports, of which I was provided with several dozen different copies, the most important, which I have put on the record, in terms of what I, what I have just said. But, my understanding is, is that, and the JIT report also, also says that. It says independently, we, is that NIP

15 and DIP originally should have been considered completely separately. But, what my understanding is, that there actually was some exchange of point scoring, between, or at least point scoring of, of NIP, with DIP. So that, basically the, the DIP was increased, because of what had been offered on NIP. Okay. Then, I think, what I have said, in terms of the

20 arithmetic, the GFC's DIP score was upgraded from a score of five, instead one, on the basis of increased NIP commitment. The, this is coming straight out of the JIT report.

ADV SIBEKO: Now, the, the JIT report is already before the Commission and I think it is chapter seven thereof, that deals with the

25 Corvette findings. Do you recall?

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DR YOUNG: Yes ...[intervene]

ADV SIBEKO: Is that ...[intervene]

DR YOUNG: Yes. That is correct, yes.

ADV SIBEKO: So, the, the findings that you refer to, in paragraph 37
5 and perhaps, starting in paragraph 306 and 307 of your statement, these
are findings that have lifted from the JIT report. Is that correct?

DR YOUNG: That is correct, yes.

CHAIRPERSON: Advocate Sibeko, which paragraph of the JIT report
are you referring to?

10 ADV SIBEKO: Chair, the general chapter in the JIT report, would be
chapter seven. We, we have not prepared a specific annexure for
referring to the document. But, if need be, we will make an excerpt of
the relevant pages in chapter seven of the JIT report. I may, just for the
purposes of the record, at this stage, state that chapter seven deals with
15 the selection of prime contractors Corvette in the public phase of the
investigation. The findings, if, if one has regard to the, what is recorded
in chapter seven, one would see that at 734, reference is made to
industrial participation, 735 defence industrial participation value system,
that is at, as from page 203 of the JIT report. That is chapter seven. It
20 goes on with various tables. At 7.3.5.4, at page 206 of that document,
there is a discussion of the results of the forensic investigation and
under a, it says:

*“Several calculation errors were found in this cause, allocated to
certain bidders.”*

25 The differences in the calculations are set out below. There is a table

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that is set out, on page 206. On the next page, page 207, under paragraph c, reference is made to non-conformance to critical criteria.

The following page ...[intervene]

CHAIRPERSON: Thank you, Advocate Sibeko. I just wanted to know

5 the, on the paragraph.

ADV SIBEKO: Yes.

CHAIRPERSON: Thank you.

ADV SIBEKO: Chapter seven, it is, in it is entirety deals with this and, and perhaps, just to come to the assistance of the Commission, the, the
10 opinion that was provided by the Armscor legal department, in respect of the non-conformance of some of the bidders is referred to, at paragraph, I think it is Roman four of paragraph c, that I have referred to. That appears at page 208 of the JIT report.

CHAIRPERSON: Thank you.

15 ADV SIBEKO: Dr Young, you have a reference to the findings of the JIT in your paragraph 307. Is there anything else that you need to add, with regard to the item?

DR YOUNG: No. Only that they are an introduction to my, my next point.

20 ADV SIBEKO: Yes. You can deal with your next point, at this stage.

DR YOUNG: Okay. Other than the issue of NIP and, and, well, I specifically want to put on the record, those points are very relevant to, to this whole scoring process. But, as I have said here, in my paragraph 308:

25 *"However, despite that, a detailed forensic analysis of the scoring also*

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shows that there was a changing in the scoring formula and certain errors made, in point allocations. The latter is either is genuine mistakes or done deliberately.”

I do not know that. But, certainly, I think it is well known under perhaps
5 309, that the original scoring formula that was approved, was supposed
to be used, to assess the different bids, in terms of these, the different
criteria that I mentioned earlier. It was, what I will refer to as the
divisive, the dividing formula and that is the one underneath there. BV it
stands for best value, equals the sum of military value, plus industrial
10 participation points, divided by the financing index.

ADV SIBEKO: I, can I show you, Dr Young that we, the, the
Commissioners and some of our colleagues got a lecture from Mr
Esterhuyse, regarding the best value formula that was formulated, for
purposes of conducting these evaluations. I, I suppose you have read
15 the transcript of his evidence and his witness statement. Is there
anything you need to add, over and above, what he lectured to us?

DR YOUNG: No. I certainly know that he did so. He did say that the
arithmetic seemed to be somewhat challenging. But, nevertheless, it is,
it is, I think, how can one say, it is ad idem that there were the two
20 formulae, one the dividing formula and secondly the additive formula. I
think that that is common cause.

ADV SIBEKO: You are seeking to develop a, a thesis that would
change in the formulae had an impact in the manner, in the outcome of
the evaluation. Is that correct?

25 DR YOUNG: That is absolutely correct and my understanding is that

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Mr Esterhuysen did, did not deal with certainly the, the detail that I am about to deal. Look, you know, when I say the detail, I do not want to talk about the extent, but the nitty gritty, which hopefully, I will show that the German Frigate Consortium should not actually have won, based
5 on, on the stipulated, the stipulated requirements.

ADV SIBEKO: You can proceed to do so.

DR YOUNG: Okay. As I have just said, the second formula, the one that was eventually used, was one, the, the additive formula, where the financing index is now added, rather than divided. My understanding is
10 that this decision was made at a SOFCOM meeting. As I have said, in the next point, it was irregular to do so, because SOFCOM was not a decision making, it had no formal decision making powers. So, but I think, this also relates to Modac and MD 147. You know, who should, who should have made this decision, probably the AAC. But,
15 nevertheless, that is an analysis I need, that is hallowed ground, I need to steer clear of it. But, my point is that, if one, the, the final formula that was used, to make the decision was the additive, was the additive one that, that is the one that advantaged the GFC, to the disadvantage of Bazan. Anyway, as I have said, and I have the spreadsheet of this, I, I
20 know that it was, I think, the term you use, politely as exhaustive. Maybe it was exhausting, the, the mathematical or arithmetical analysis. So, I am going to try and clear, steer clear of that and just come up with my conclusions. I have a very complicated, complicated looking spreadsheet. It is not arithmetically complicated. I can certainly print
25 that out and go through it with an overhead projector or whatever is

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required. But, this, this is the result of my analysis. May I, may I pause to have a break there?

ADV SIBEKO: What information did you use for your analysis?

DR YOUNG: Basically, I took all the, the relevant scores, straight out
5 of the, the JIT report and maybe the JIT draft report and did a proper analysis of them. One can see the, there are two fundamentals here. One, the changing of the formula to the additive version and the other one is a down grading, what, what should have been a downgrading of the German Frigate Consortium's DIP score, which the Auditor General
10 picked up in its forensic review of these scores and of course, reported it in his JIT report. But, of course, that was, you know, what, two years, two years too late to affect the decision. But, effectively, I have used scores that came out of the, the JIT report and in my own view, at least, they are, those sub-scores are at, are common cause.

15 ADV SIBEKO: So, your, your analysis would perhaps, and correct me if I am wrong, that it followed a singular process as that used, by the forensic investigators of the Auditor General.

DR YOUNG: Yes. It is actually a very simple approach. It is a step by step approach of, of arithmetically identifying particular scores and
20 then entering them into the correct, the correct way, in a step by step approach to reach the final, the final score. That is exactly what I have done, yes.

ADV SIBEKO: What conclusions did you reach?

DR YOUNG: Okay. The first point under 312 is not that critical. But,
25 if one used the original value system, the GFC's bid still came out

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ahead. However, the differential between it and Bazan was much smaller. I, I have the figures in front of me. The original Bazan score that was given in the evaluation process is 97.61, whereas, in fact, it should have been 99.17, which is very, very close. Then we go to the

5 next point, 313. In the NIP calculations, carried out by the team of the Department of Trade and Industry, the GFC had been given double the score of, of Bazan. It is 100, being the normalised maximum score, to Bazan's normalised score of 48. But, this is quite strange and this actually comes from the detail that I did not traverse in, you know, point

10 by point. It comes from the, the valuation of, of the NIP and specifically in terms of whether it was strategic or not and whether or not it should have been independently evaluated. But, strangely, arithmetically, as I said, this is despite the fact that the offers were almost identical in monetary value. So, on face value, they are almost identical. On face

15 value is how they should have been reviewed and not, that is quantitatively and not qualitatively. Those were the rules that pertained, at the time. For the record, the GFC's total NIP amount was 2.730 US Dollars, which is against Bazan's NIP offer of 2.722 billion, did say million, billion Dollars. That is a difference of just 0.3 per cent. Yet, if

20 you look at the scores, of 100 to 48, that is quite vast. There is no clear record or rational, important reason of why that should be. But, be that is it may, we will come to that point later. Anyway, we now come to DIP and as I say in 314, Bazan had however, presented a far superior DIP offer to the GFC, both qualitatively and quantitatively. I do not think I

25 need to address on here. I think, I did look at it, probably over the

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weekend and I, I confirm that it was far, far bigger. It was several times greater. Bazan, to its credit, and I am not punting for the, I am just talking about, to its advantage here, was the only bidder to provide a detailed business plan for its DIP offer, on the combat suite. It had
5 promised 29, 21.9 per cent direct DIP on the platform component, as well as an indirect DIP to the value of 406 million US Dollars. By contrast, the GFC offered only 11.5 per cent direct DIP on the platform and only 6 million Dollars indirect DIP. It also, as I am repeating myself, it also failed to meet some minimum requirement, criteria for the DIP
10 offer, which it should have been and led to its disqualification. We have covered that. On the other hand, Bazan was given the best score on its DIP value of 100 to the GFC's 81, which is quite high. Okay. And this is the main point that I am coming to. This, this is on where it turns. However, when the Auditor General's office, re-examined the DOD's DIP
15 calculations, it uncovered a number of errors. According to its revised figures, the GFC should only have received 71 points to Bazan's 100 points. Here I do refer to that finding in the JIT report, which is in paragraph 7.3.5.4 on page 206.

ADV SIBEKO: That, that would be contained in the chapter seven of
20 the JIT report. Is that correct?

DR YOUNG: That is correct, yes.

ADV SIBEKO: So, the information that you, you have been traversing in these paragraphs of your statement, is that information that was lifted from the JIT, as well, the JIT report?

25 DR YOUNG: Yes. The information, the raw, this raw information was

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lifted, but it is my own arithmetic analysis, yes. But, based on the original figures and then the, the correct figures that the Auditor General has, has indicated to be wrong and then correct.

ADV SIBEKO: At 317, you continue with the conclusion, regarding the,
5 the, Bazan.

DR YOUNG: Okay. So, basically, what this means was that, with, with the GFC, having originally received 81 points, rather than 71, it meant that the total IP score, which is a, a combination of DIP and NIP, it would, what it really meant what, was that the Bazan's IP score should
10 have been 86.51, rather than the lower amount of 81.63. Okay. So, if we got to the additive formula, under three, in my paragraph 3.8, if the correct DIP score was, had been used, Bazan would have received a normal, normalised best value score of 99.41 to the GFC's 100. While with the incorrect DIP score being used, Bazan would have received a
15 normalised score of lower than that, 97.61, rather than GFC's 100.

ADV SIBEKO: I am, not sure, if my arithmetic is failing. It seems that, on, on both formulas, GFC comes out at 100, while there is movement in the Bazan score.

DR YOUNG: Yes, indeed. There is movement upwards to extremely
20 close. But, my emphasis was on the very first phrase. It is using the additive formula. I am still coming to how it should have been addressed. My view, my evidence is, the use of the additive formula and I am pretty sure that that was the same as Esterhuysen's testimony and evidence that the use of the additive formula was actually unlawful.

25 ADV SIBEKO: Then you deal with the financing in 319.

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DR YOUNG: Yes. Okay. What is interesting, because I know that this issue of the change in formula was being address and seemed to be, or seemed to get extremely confused. I think, I am addressing this point partly, to, to add my two cents worth, arithmetic two cents worth, 5 why there has been some confusion. Anyway, I am saying here, it is under the financing evaluation system score of one to five was given on each criteria, with one being the best and five being worst. According to the JIT report, in terms of the financing value system, the bidder with the lowest score was ranked first, i.e. as I said in brackets, the best. This 10 was because the financing index formed denominator in the original form, as the divisive, the dividing formula. GEC Marine received the best score in this index then, DCM, then Bazan. According to the JIT report, the GFC's offer was the worst and it ranked fourth. That was very clear, in all, the other criteria, the, the valuations are the other way 15 around, the higher your score, the better for you. But, of course, if you are using the dividing formula, it has to be the other way around. Or it does not make sense, if you are dividing it, the lower your figure, the, the higher the final results are going to be. So, that is an important point for the arithmetic. Of course, the other, there is another point and I think 20 I do say that separately. Ja. Then at my 220, but clearly, when the scoring formula was changed to the additive version, the financing index had to be changed to a reciprocal version. It makes clear sense. Okay. I do have, I did university, three years of university maths, so maybe it is more obvious to me than it might be to others. But, if you are changing 25 to the additive formula, you cannot use the original scores of one to five.

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Because it is not going to make sense, when it becomes, let us say, above the line. Because then, the person, who scored best, will have the worst, the worst above the line score. So, you have to, you have to do a reciprocal of the scores. The scores with one to five, when you

5 change them to above the line, you have to take the reciprocal of it and then normalise. Now, maybe, I am getting too complicated, but anyway. It is placed on for the record here. But, it would make no sense, whatsoever, unless you had to, unless you re-normalise, but you are really using the reciprocal version. May I carry on?

10 ADV SIBEKO: Yes. Carry on.

DR YOUNG: I think, I think I am coming, sorry. I think I am coming to the nub of this point is that, on their own, the miscalculations in the DIP score and the change of formula, did not change the GFC's number ranking. But, combined they certainly do. On the original formula, in

15 using the correct DIP score, Bazan comes out ahead of the GFC. It has a normalised score of 100 to the GFC's score of 98.2. The five [indistinct] these are the references to my spreadsheet, so if we have to go that, I can point to where they come from, using the divisive formula and 99.4, using, or to the GFC's 100, using the additive formula. So, I

20 think, if any, of course, nobody should take my say so for it. They, in my view, if people either need to believe me or not the arithmetic is quite simple, but even maybe, Esterhuyse is a, he has got a, he has got a Master's degree in mathematics. But, maybe he not independent enough and I would recommend, if I may do so, that if our figures are

25 not accepted, as they stand, there is an independent mathematical

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expert should actually look at this.

ADV SIBEKO: And your figures that you are referring to, you say they are contained in the spreadsheet that you are looking at.

DR YOUNG: I have a spreadsheet, yes, in front of me on this, no,
5 sorry, not in front, sorry, it is on this computer.

ADV SIBEKO: You have not prepared copies of that spreadsheet?

DR YOUNG: No. I, I have not. For the reason is, first of all I did not want to belabour the proceedings by working through it. It is genuinely quite large. It would be impossible to print out, even on one. Maybe we
10 can print it on A3 and that would still be quite small. Of course, the best way to go through it, would be on an overhead projector, thing, and then, and then print out that. But, I left that to, to address, with the view of getting a directive, or a view and a directive from the Commission on this point.

15 ADV SIBEKO: But after the analysis you make, or regarding the figures and, and based on analysis on the spreadsheet, you say that the errors in the DIP calculations, swung the Corvette contract away from Bazan.

DR YOUNG: Sorry, not to be argumentative, not quite. I said it is the
20 combination of errors on the DIP. It was picked up later by the Auditor General and the irregular change in scoring. You need both of those and they are both valid contentions that I am making that swing it from the, the, Bazan, who should have won to the GFC.

ADV SIBEKO: So, it is the combination of both, not one or the other.

25 DR YOUNG: Indeed, that is correct.

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ADV SIBEKO: And you continue with that theme at your paragraph 323 of your statement.

DR YOUNG: Okay. I have just been addressing the, the formula and DIP. But, I addressed NIP before this point, where I talk about Bazan
5 only being, getting 48 points to the GFC's for a NIP offer that was only 0.3 per cent different. If it had been evaluated, according to the rules and according to the, not, the actual, the actual figures of US Dollars, then, then the other, the other issues of DIP and changing of formula do not come into play. If we use, if we, if we took the actual amounts of NIP
10 and we convert those, to normalised figures, then the Bazan wins far away, whether it is the wrong formula used, or whether it is the incorrect DIP used. Bazan had been correctly evaluated on its offered NIP and it should have won, in any, under any circumstances.

ADV SIBEKO: Chair, I see it is five past 11. Would this be a
15 convenient time to adjourn?

CHAIRPERSON: Advocate Sibeko, maybe let us proceed and see how far we can go, maybe if, we might take the other tea adjournment at about 20 past 11.

ADV SIBEKO: What you set out at paragraph 323 of your statement
20 also has a reference to the JIT report. Is there something that you pick up from there, as well?

DR YOUNG: If can find that, I, I cannot quite remember the relevance of that particular reference. If you want me to, I can go to it and analyse it, but it was really just a, a point here, to the, the place in the JIT report.

25 ADV SIBEKO: Well, there, there is a table in the JIT report that deals

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with the issue. But, what you see, it seems you seek to, the point you seek to make, is what you have just mentioned. That if the net figures, with regard to Bazan, having been evaluated properly, it would have won, regardless of what formula had been used.

5 DR YOUNG: I do not think that the JIT report says that in so many words. But, what they are saying is that the scorings and the values and the weightings were incorrectly done. I think that they are very, very much on the side of caution and not giving a very firm conclusion. But that is my conclusion, based on those, if I may say, preparatory,
10 introductory conclusions, derived from, from the, the JIT and the investigating team.

ADV SIBEKO: You then summarise the, what, what appears to be conclusions in paragraph 324. You say on the basis of the facts that you set out there, these appear to have been relevant to the award of the
15 contract to the GFC. Would you like to add anything to that?

DR YOUNG: Yes. I am, just also trying not to make a mistake. As I say, I am, I am terming this a summary. I do not want it to be viewed as a, as an analysis. But, it, as far as I am concerned, it is relevant. Anybody can stop me, if they, if it is considered as an analysis. But,
20 what I am just recording is a summary of a fairly complex theme that we have just traversed and that is that the Bazan was the only bidder that complied with all of the minimum criteria, in respect of the technical DIP evaluation. Bazan obtained the highest military value and DIP scores. They obtained the highest percentage of DIP and NIP, in relation to the
25 contract price. They offered the lowest price of the four bidders and the

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GFC offered the worst financing, which was a major point. I think, maybe why it is relevant, that I provide a summary. Because I am going to go into another theme there, of how Chippy Shaik, it seems, being paid by the, bribed by the Germans was able to circumvent all of this formality of, of scoring in order to make, to make the Germans win.

ADV SIBEKO: In your paragraph 325, you state that the GFC was nominated the preferred bidder, notwithstanding the summary that you have set out, in the previous paragraph, on the basis of its NIP offer. Would you care to elaborate on that?

10 DR YOUNG: No. I think, that that is a fair summary. I do not need to add anything further at this stage.

ADV SIBEKO: In your next paragraph, you seek to tie the nomination of GFC, as the preferred bidder, with what you referred to as the payment of bribes of 2.5 million Deutsche Mark, 22 million US Dollars and 3 million US Dollars, which has been referred to, by the report of the German Prosecuting Authorities.

DR YOUNG: That is correct, yes.

ADV SIBEKO: Anything you want to add, other than what is set out in those reports?

20 DR YOUNG: Certainly not what is set out in the report, but I think, what I am saying, under my paragraph 3 [indistinct] that 326 is important.

ADV SIBEKO: Yes. Would you care to elaborate on that?

DR YOUNG: Yes. Okay. From, from what I have traversed so far, in terms of all, all the relevant points of pricing and scoring and DIP and

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NIP and financing, if, if my figures are correct, then it will be clear that the GFC should not have won. So, they, they were appointed the contractor and it seems to be that they appointed the contractor based on recommendations, whether it was under Modac or whether it was
5 under MD 147. So, somehow the errors or the manipulation of the figures, the mistakes or deliberate, deliberate errors which I refer to, escaped the formal process. So, somebody must, somebody must have done that. It is fairly clear to me that the person, who at least managed that, was Chippy Shaik, as Chief of Acquisitions. He had the relevant
10 authority as Chief of Acquisitions and the relevant mandate to take these recommendations, whether it was to SOFCOM and the 147, or the AACB, or AASB and the AAC under Modac, I do not know. But, it seemed, it seemed to have been approved. So, something must have been done. I think, I have ventilated the, what, what was done, clear
15 enough. The figures were manipulated. What I am saying is, here is, he had to earn his 3 million Dollars. Of course there were, he, he has said that himself. It was quite difficult to actually swing the selection from the Germans, oh, sorry, from the Spanish to the Germans. Because of the formal nature of the process and the, or at least on first
20 prima face view, what should have been quantitative terms. So, there were a number of actions that were taken to make, to, in qualitative terms to affect the quantitative terms that allow the so-called scoring, to select, what should have been a different bidder.

ADV SIBEKO: You say just as much in your concluding paragraphs of
25 the best section of your evidence at 327, 328, which is something that

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you have already traversed earlier in the week.

DR YOUNG: Yes. I can read it into the record again, or we can take it, as on the record.

ADV SIBEKO: It certainly is already on the record.

5 DR YOUNG: I will accept that.

ADV SIBEKO: And you say on the basis of what is then set out, in the concluding parts of this section that it is difficult not to conclude that the GFC payments of the bribe to the Chief of Acquisitions resulted in it, winning a R6.873 billion contract, in the SDP's. That is your conclusion
10 on this section.

DR YOUNG: That, that is the conclusion, yes. Except maybe, I should have said it was GFC as part of ESAC, won the R6.873 billion. The GFC's part was not, but that was the contract and they effectively won the contract, together with its other partners, but that in trying to be
15 accurate.

ADV SIBEKO: Before we proceed to your discussion on allegations of corruption, regarding the Corvette combat suite, is there anything else that you need to mention, just in concluding remarks regarding the corruption, or allegations of corruption in the Corvette platform?

20 DR YOUNG: No. I do not know what chance I get, at the, at the end, either to provide concluding remarks of my total evidence or even, whether, as a witness, without my own legal team to, to provide argument, which I see, is coming up in, in April. But, in my own view, regarding the bribery and corruption of the, of the Corvette platform, I
25 have, hopefully, the, tied together all the relevant pointers. I know, I

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have, I use the word circumstantial, but the involvement of Yengeni, of Shaik, of round one, round two, the German meetings with the Chief of Naval Staff plans and Armscor, in Cape Town, the changing of the formula, the changing of the scores, all of that together are very, very
5 cogent, in terms of argument, for me, to make such a conclusion.

ADV SIBEKO: Our next discussion would then focus on the Corvette combat suite.

DR YOUNG: I see that.

CHAIRPERSON: Advocate Sibeko, maybe, this might be the right time
10 to take a tea adjournment.

ADV SIBEKO: As it please the court.

CHAIRPERSON: I see it is quarter past 11. Can we come back at 11:30? Thank you.

(COMMISSION ADJOURNS)

15 **(COMMISSION RESUMES)**

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

ADV SIBEKO: Dr we are now entering into the realm of allegations of corruption with regard to the acquisition of the combat suite. This is a sub system in which you were involved in. Is that correct?

20 DR YOUNG: That is correct, yes.

ADV SIBEKO: You have already indicated in your evidence that the nomination as ADS as the provider of the combat suite a matter that was preordained by the Navy, is that correct?

DR YOUNG: Well let us say it was officially done by the Department of
25 Defence.

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ADV SIBEKO: You start off with a discussion from paragraph of 331 of your statement. Can you take us through that?

DR YOUNG: I just need to gather my own wits about me to ensure that I do not overplay the issue. As you have correctly said the inclusion of
5 not so much ADS but Altech Defence Systems was the instigation of the Department of Defence in Armscor. Certainly it might have been started off as a DoD thing but it became a part of the official request for offer and the technical and tender or bidding baseline at that stage.

Also you know the references that are made elsewhere in evidence
10 by other people is that this was just the JFC who decided to select ADS out of the blue and include them as their preferred nominated combat suite is actually nonsense. In fact there is other evidence which says that all of the at least the short listed, I would image why any of the long list of people will also not include ADS but least to my knowledge all of
15 the short listed bidders included Altech Defence Systems including the GFC.

So in any case it was not of GFC own volition that they did that. In any case when they came back with their offer in respect of the not the RFI but the of which I have never seen their response to the RFI. I have
20 seen very small parts of I think it was sometime in May, 11 May 1998 that specifically included Altech Defence Systems as its own preferred combat suite supplier.

ADV SIBEKO: As I recall your evidence earlier before the Commission it was the intention of perhaps the DoD and Armscor that the combat
25 suite would be an indigenous sub system coming out of a development

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program that have been undertaken as I recall through Project Suvecs?

DR YOUNG: Yes not only Project Suvecs but more importantly Project Diodon and (I am talking extremely loudly to myself here all of a sudden) the 1993 phase of Project Sitron and then off course Project Suvecs following that. Not only that what is also important is that one of the important legs of the Sitron round phase 2 starting in 1997 was also going to be based on industrial participation which we had been talking about Dip/Nip and it fundamental pillar of the Dip for Sitron was the inclusion of the entire local combat suite as Nip.

10 I was important not only because that is what they wanted but in order to meet the very high value of 60% content simple arithmetic it had to include the local combat suite.

ADV SIBEKO: At paragraph 333 you refer to Altech Defence Systems as South Africa's main naval systems company. This is a matter that you have already testified about is that correct?

DR YOUNG: Yes that is correct, yes.

ADV SIBEKO: That the nomination was specifically at the end of that paragraph you say that it was specifically in terms of the SA Navy's combat suite requirement specification dictated around December 20 1998?

DR YOUNG: That is correct, yes.

COMMISSIONER MUSI: Can I just ask for clarity. In paragraph 330 you say that while you are big partner for the combat suite was forced upon them by the South African Government. In other words it was to provide a combat suite were forced upon the German Frigate 25

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Consortium by the South African Government. In paragraph 331 you seem to indicate that it was part of the RFO that the combat suite will be provided by the local suppliers. Is there not a contradiction between the two?

5 DR YOUNG: No I do not think so at all. What I have just said is all of the vessel bidding companies nominated or indicated ADS as their combat suite supplier and that was specifically with regard to the documents that were issued as part of the tender baseline. We did not traverse that but under 331 specifically in terms of the combat suite
10 element costing and description as well as the formal RFO.

So addressing the point they were more or less forced to do so. Effectively they had not option. The other point is I have just traversed now is that there is no way that any of the bidders could have even got through the various formal rounds of the acquisition process unless they
15 had included the Corvette combat suite as part of their bid and as part of the Dip. So I think that goes a long way to prove that it was forced upon them.

COMMISSIONER MUSI: Are you perhaps saying that on their own the GFC would not have or would have preferred to provide the combat
20 suite. What do you mean?

DR YOUNG: Un-doubtfully, having been part of [indistinct] the fact I know that I have seen some documents somewhere. I cannot remember every single thing that I have traversed in the last 17 years. But they would have preferred to have gone with their own. If they had been
25 completely open they would have probably chosen somebody else.

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Certainly as we have covered some detail before they themselves considered the local combat suite and even Altech's part in it as a risk. That is one thing. If they were completely open they would have done so. Also as I know from speaking to very high level people in the GFC, 5 Bhlom & Voss as well as even people in Celsius Tech. Is that Celsius Tech and possibly another Dutch based company in those days it was not owned by Thomson it is now a company are the Bhlom & Voss chosen or let us say traditionally chosen partners.

So I think that I am fairly safe what I am saying is that if it was 10 completely open they might have considered the ADS one but they would not necessary only selected that one as their chosen partner. If that answer your question.

COMMISSIONER MUSI: Thank you.

ADV SIBEKO: You have dealt with the issue with regard to your 15 paragraph 333 is that correct?

DR YOUNG: That is correct, yes.

ADV SIBEKO: Now you make a point in 334 I mean in relation also to what Commissioner Musi has put to you now to say that GFC's main 1998 offer included Altech Defence Systems as it combat suite supplier 20 and this was in terms of the RFO?

DR YOUNG: Yes that is correct and maybe I just need to re emphasise the point is that no contender at the RFI stage or at the RFO stage or any stage would have made it past a primary filtering criteria of the inclusion of the South African combat suite. More so than that is that we 25 even know. We have talked about the GFC's exclusion at an early stage

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according to the legal opinion of Armscor.

As far as I can remember that was because they had not properly considered the inclusion of the combat suite, local combat suite as part of it. What I can say is that nobody would have been in contention if
5 they had not offered the ADS combat suite in line with the stipulations.

ADV SIBEKO: You mentioned further that during the RFO stage Thomson-CSF was not a role player in the acquisition of the combat suite. This is something that you have dealt with earlier in your evidence?

10 DR YOUNG: No, not to be argumentative. There were nowhere in the official or open scheme of things according to MODAC or even 147 but as I have said before from much earlier, from even 1994 they were in the background waiting for the opportunity. So they certainly were there it is just that they were not a South African company until they started
15 purchasing ADS they had no official role whatsoever.

ADV SIBEKO: So without them being a South African company they would not have been able to participate in the combat suite acquisition program?

DR YOUNG: Certainly not in terms of denomination of the contractors
20 and the system integrator which was Altech Defence Systems and certainly not in respect of the combat suite and its indigenous South African sub systems. Of course they would have been in contention for the foreign procured items. So I do not want to repute the issue with one thing. They would not have been in contention for the combat suite as a
25 whole.

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ADV SIBEKO: You say in support of this you rely on the transcript of the proceedings in the Schabir Shaik trial where an official from Thomson-CSF seems to except this as a fact. That is your [indistinct] and our RMY59 which is at page 1285 of the bundle?

5 DR YOUNG: Yes I have just opened up that page and just to show or we did not intend to belabour this proceedings with multi page documents. I think that this is a 7800 page document which I personally concatenate[?] and at the request of the Commission gave the entire thing to at least to the research officials. I have just extracted in this
10 particular instances just four pages.

I think in two other instance of the page or two at a time. But I would have also considered that this is a court quality at least records of a public open criminal trial in the country.

ADV SIBEKO: If you can just first remind us. Who is PFMR Moynot

15 DR YOUNG: He is Pierre Moynot a Frenchman who I originally said in this particular instance he was no longer ADS's CEO when he gave the evidence. He had retired by then. He was representing ADS as its own defence witness having been ADS's CEO previously at the relevant time.

20 ADV SIBEKO: The answers that you have referred to them what do they signify?

DR YOUNG: What I intend to show here is in a similar analogist manner as the Germans won the contract through political endeavours outside of MODAC basically the French did very much the same. This is
25 on the record. I am now going to introduce the way that Thomson-CSF

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basically endeared themselves to the South African decision makers far proceeding at least the formal stages of the acquisition process which ended up in effectively them owing 100% of the shares of Altech Defence Systems which they bought from Altech.

5 Then giving (20% of it to FBS) and effective 20% of them to Nkobi Holdings which is the subject of this particular trial, the Schabir Shaik trial as you mentioned. Who was not only the owner of Nkobi Investments Company the Nkobi Group but also a director of both the South African version of Thomson-CSF as well as ADS.

10 ADV SIBEKO: Now the passage you quote in your paragraph 335 is that the one that appears as from line 10 to 14 of RMY59 on page 1285?

DR YOUNG: I think so yes.

ADV SIBEKO: That quotation just makes [indistinct] do you want to add
15 anything further?

DR YOUNG: Yes, I think that it is actually very important to actually read the words into the record. Anyway I will not take to long. Just to ... so I do not get accused of hiding people's identities. I have referred to the person here as Prosecutor that is Advocate Billy Downer Sc who
20 was the chief prosecutor in the Schabir Shaik trial. Anyway he starts of questioning.

*"Now in your information contact with high ranking personalities that this will give you the edge as it were at a high political level? Moynot says: That is what we hoped. Downer confirms in a question, yes that is what
25 you hoped? Moynot says: Yes, that is what we are going for.*

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I am going to be careful trying to analyse the evidence. I think that it is self evident that this means working the political route and not the MODAC route.

ADV SIBEKO: You say thereafter that in the mean time Thomson-CSF was consolidating its position to be at the business which is the subject matter that has been set out. In that record [indistinct] defence system?

DR YOUNG: That is indeed correct, I have mentioned the mechanisms here unless I ask to traverse it in detail I think my paragraph 366 is self-explanatory.

10 ADV SIBEKO: Your paragraph 337 expresses a belief with regard to where Thomson-CSF comes into the bribery picture. Perhaps that is the one that is referred to in the report also by the German Prosecuting Authority or Investigating Authorities.

DR YOUNG: To be accurate the German Investigation Report primarily refers to bribes in respect of winning the contract and specifically the platform. Although they mention Chippy Shaik I do not think that also Tony Ngeni I do not think that the investigating report directly links Chippy Shaik to what my contention of bribery in the combat suite part of it.

20 ADV SIBEKO: So as your statement goes or unfolds in subsequent paragraphs from 338 going forward you mention that there is ample circumstantial evidence to show that Thomson-CSF bribed functionaries in the South African Government to a similar degree as the GFC with regard to the Corvette. Do you care to elaborate on that?

25 DR YOUNG: Yes I think that it is important to say from my

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circumstantial evidence. There is no onus on me to prove anything beyond a reasonable doubt or even on the balance of probabilities. I tried to back up what I say with averments which are not completely bold and I also provide some kind of circumstances or environment in which
5 this happened to show that there are cogent reasons for coming to a conclusion that there was bribery involved in the Corvette combat suite as well.

ADV SIBEKO: You start by referring to a plausibility test regarding the payment by Thomson-CSF of bribes through Schabir Shaik?

10 DR YOUNG: Yes I think that, that is a court even to the SCA that a bribe was effected at least by Schabir Shaik certainly the money for that would be on any doubt originated from Thomson-CSF. Unfortunately Thomson-CSF and the recipient beneficiary of the bribe were released from those particular that criminal trial. That is still a mood point legally
15 speaking.

It is beyond any doubt whatsoever that some bribe at all was paid to the Deputy President of the Country. What I will, relatively speaking it is not in the same degree of USD22 million or even USD3 million.

That is beyond any doubt whatsoever. Certainly it is an introduction
20 in terms of my own evidence of why, at least one of the legs of the cogent reasons of why a bribe was indeed paid.

ADV SIBEKO: In support of your assertion as you indicate that you rely on document RMY60 it is your DT10599. RMY60 starts at page 1289 and continues to pages 1292 that would be the English translation of the
25 typed version of 1289?

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DR YOUNG: That is correct. It is a six page document. Without traversing all of that I just need to quickly scan it in my brain to see what is relevant to repeat to this particular Commission Inquiry.

ADV SIBEKO: Perhaps as to assist you to what have been quoted in
5 your statement appears at page 1292 it is page 4 of yours. Perhaps you can start by identifying what that document is for the record and how you obtained that document?

DR YOUNG: The document was traversed at great length in the court proceedings in Durban. I think it is common cause, maybe common
10 cause is not the right word. It is a genuine record of those court proceedings. Without going through the detail and trying to analyse the contents basically it is what I referred too previously in my evidence today as the analogue of the twotonic Memorandum or the Executive Statement which I gave yesterday. This indeed was found by the judge
15 specifically refers too and Executive Statement not to hide the identity of the judge either, the judge is Hillary Squires, J where I got these documents it straight out of the court record from the clerk of the court in Durban.

It is well known that the person who wrote this document is somebody
20 called Allan Detart, it is AT written right at the top to his boss (his handwriting is worse than mine) it is Jan De Jongeran and copied and CR in French I believe means CR to the Chair Chief Executive Officer at least to Thomson International and the Vice President of head group Thomson Group of SA . That is one reason why it is an executive
25 statement.

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We know that it was sent by fax and it was typed by his secretary and her name is Sue de Leeck and she testified as to the veracity of it because she typed the document from Allan Detart, handwritten note to her and she was a French Speaking person and she typed the next or
5 the document, my page 3 as (fax kript) an encrypted fax as I said as the ...[intervenes].

CHAIRPERSON: With the greatest of respect. I am not sure how this is going to help this. Whatever the views of Dr Young about this case are totally irrelevant. I am not sure whether this is going to help us in any
10 way for him to decide the content of that case. Can we get to the next point please.

ADV SIBEKO: That is just one aspect that the witness would like to refer to as making this document relevant to Project Sitron which appears on the document. Perhaps that is what we need to get to as
15 this point?

DR YOUNG: Yes, if I may say so I was asked to identify the document and its authenticity which is exactly what I was trying to do. I was neither trying to go into its detailed content nor analyse just to justify my inclusion of it in my own witness statement and I will do that. It is as my
20 evidence leader correctly says it is particularly important in the context of this Commission Inquiry and my evidence regarding not the Corvette combat suite. That is that the bribery agreement executive statement reminds the people who were going to authorise the payment of the money that he says:

25 *'May I remind you that the two main objectives of the 'effort' requested*

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of Thomson are protection of Thomson-CSF during the current investigations (Sitron) specifically with regards at least the Corvette project. The permanent support of JZ for this project in the amount of R500 000 per year.”

5 What I do not have right in front of me and it is probably where I wanted to refer to the document and it is relevant it is only one small thing and I might come to it later on my own. The important part of it where we know that it was, well the relevance is oh yes. I hoped to the amount of 500 KZAR that means R500 000 (why it is relevant to ADS
10 and combat suite) is until the first payment of dividends by ADS.

I will not analyse that now unless I am requested that, that has got a specific significance.

ADV SIBEKO: That sentence in bracket appear at page 1294 of the documents. You did mention in your paragraph 340 that what has never
15 properly been ventilated I am not saying where and in which forum. You say the need for Thomson-CSF for the protection it refers to in the document that you have just testified about. Why do you say that?

DR YOUNG: Just give me a second just to catch up with my own PDF document. Sorry I am just closing down the lot before my machine
20 hangs up. That is the last thing we need. Sorry that it the last thing that I need.

Where I say here what has never been ventilated properly anywhere is why Thomson says we need leadership protection. Of course that is not analysis which it is absolute relevance. Of course if they just
25 needed protection in the investigation but why did they need protection

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from investigation. That is the point that I am trying to come to here. There is oral evidence accepted in the court and that is what I paraphrase. Hopefully repeat here in my paragraph 340 with the relevant document. It is just one particular page just to show you that it

5 is the genuine article out of 7800 pages.

ADV SIBEKO: That is at RMY61 it is on page 1235. Perhaps later you will be refereeing to page 1296 which is RMY62 where the discussion that runs up to paragraph 342 seems to be based?

DR YOUNG: I think that, that is correct yes.

10 ADV SIBEKO: I think the passage I am looking for start as line 9 of that transcript on that page?

DR YOUNG: I am not going to refer to the transcript unless I need to. I am looking at my paragraph 340.

ADV SIBEKO: Ok.

15 DR YOUNG: I am trying to follow the directions from the order from yesterday. Quoting the document which is hopefully correct I says that:

"While he was"

This is what I need to say. The person that who is saying this is a person called Bianca Singh who was Schabir Shaik's PA, personal

20 assistant. This was said in a meeting where they call the damage control meeting in Mauritius with her and Schabir Shaik and the parties that are just relevant.. which I have just mentioned or at least some of them in the encrypted fax and that was Allan Detart and Jan de Jongeran. All relevant to this particular evidence that I am giving here.

25 What she says and she was taking notes. She was taking

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confirmatory notes at the meeting. She says:

“While he was doing that Mr Shaik said that if the Heath Investigating Unit continues we are going to be under a amount of pressure and that if a certain ANC member he did mention his name and I cannot recall had
5 to open his mouth then we would be in real trouble.”

What I am trying to say is... first of all Bianca Singh evidence gets accepted as far as I remember in its entirety by Squires, J and including this point but it is an indicator of why Allan Detart had to write he encrypted fax the Executive Statement to bribe somebody to get
10 protection. They would not have needed protection unless they were very worried about the Project Sitron investigations. That is the point that I am trying to make here.

ADV SIBEKO: Anything else on the next page of the transcript on the evidence of Ms Singh?

15 DR YOUNG: No all that I can do is apologise for what looks like a repetition.

ADV SIBEKO: All right. That basically brings us to the conclusion of your discussion of these issues of allegations of corruption. Does the issue of the BAeSEMA have anything to do with [indistinct].

20 DR YOUNG: Sorry I have not quite finished this point. Not being able to refer to the documents does get me slightly desynchronised with you. What is relevant here is a slightly different issues. This is where Chippy Shaik does indeed come into the picture and it also involves irregularity basically the side stepping of MODAC or even 147. It involves his illicit
25 interaction with a certainly his brother and his brother’s benefactor. It

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also leads into the BAeSEMA issue.

I think that it is relevant and it is certainly part of or unfortunate people might consider it a complex theory but if I have to put circumstances together for circumstantial evidence this is one of the sectors of that.

5 That is also on the record of court is that Chippy Shaik was involved in a telephone call. The relevant time is late 1998 which exactly when the BAeSEMA ASN thing was unfolding. Also he as obviously he was Chief of Acquisitions at the time.

Anyway he phoned his brother and said that:

10 *"We are under pressure and we really need your Zuma's help to land this deal."*

That is the Corvette combat suite deal. I think that, that is a relevant pointer to the evidence that I am giving now. As I say finally indeed then Schabir Shaik then used his position with an access to Zuma to
15 telephone him and transfer this message from Chippy Shaik to Zuma.

ADV SIBEKO: You are saying that this is relevant to the BAeSEMA. Is that the issue that you discuss subsequent to that?

DR YOUNG: Yes, would you like me to tell you why or do you want me just to proceed with evidence?

20 ADV SIBEKO: You can proceed with the evidence and demonstrate how that issue is relevant to what you have just testified about.

DR YOUNG: By way of introduction. BAeSEMA they are a 50/50 subsidiary, BAeSEMA is a subsidiary of British Aerospace. They had a 50/50 joint venture with another French company called Senna and
25 BAeSEMA at that stage was the Naval at least Naval combat systems

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division entity for British Aerospace. It is the defence company who do lots of things other than just aircraft.

They had been, just as the French had been eyeing the Navy's intentions of developing both a frigate and Corvette as well as its
5 combat suite for many many years. I know that they were actually in the country for 1997 and I will explain that if and when necessary coming up. Just as Thomson had been looking to get involved British Aerospace were also interested.

Unlike getting involved by actually buying the equity of ADS they
10 wanted to compete on a competitive footing and quite a lot of this evidence that I am going to give is about that particular aspect. The competitive bid that was being done in the name of the entity called Advanced Systems Management which was a venture between BAeSEMA another company called Tellymat and ourselves. We are also
15 going to address this matter to some degree in my response to Admiral Kamerman's evidence where I see he addresses this at substantial length. Be that as it may I had an involvement with ASM and of course with BAeSEMA so the evidence that I am going to give is from own personal involvement. Although there might be some documents which
20 I never ordered myself I was involved in the process to I am talking from that perspective.

ADV SIBEKO: You mentioned that BAeSEMA wanted to submit a bid for the combat suite on a competitive with that of Altech Defence Systems what became of the intention to submit that bid?

25 DR YOUNG: I will certainly come to that in a bit more detail. I have to

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actually get there and it is not going to take all that long. To convey the import of why things did not happen is important to traverse that and certainly the previous point regarding Chippy Shaik's involvement at the relevant time in late December I believe is relevant, certainly
5 circumstantially.

As I have said here in my paragraph 345 after genuinely after not only years of interest but several months and a couple of years of very very focused interest. I will say this. I am going to say this now and also later. This interest certainly was not precipitated by me. A tiny little tip of a
10 tale like me of a 20 man company does not wag the tail of a 300 000 man company like British Aerospace.

Anyway why we were involved as I have traversed so far is Corvette combat suite and its baseline at least its technical baseline revolved. Everything is in terms of its architecture and connectivity revolved
15 around the information that is consistent. That is why I went through that whole thing with my evidence in some detail. That is the heart, not the heart of the system it is the nervous system. So if BAE were not going to be offering a conformant bid then it would [indistinct] then it better use C-Squid I-Squid, IMS and that is why they wanted us
20 involved.

This was not my idea, they approached me and say would we be interested in supplying out IMS to them if they made an offer. Things developed in such a way that they wanted a simple bid of their own with us just a sub system. They wanted out [indistinct] probably in the risk
25 that we actually were. We were committed our IMS to them. That is the

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nut of this particular aspect of my evidence.

They wanted to beat or to bid competitively at this point in time. After much effort and I will come to that. The other theme of my response to Admiral Kamerman's evidence.. for this particular point suffices to say
5 that eventually their effort succeeded and on 22 December 1998 the German Frigate Consortium who had been selected as the preferred supplier for the Corvettes issued a competitive, well let us say a request for commercial quotation on a competitive basis to ADS. So this was all very above board and it was all in line as I will prove later with what
10 Armscor and even the Navy and of course their selected Corvette supplier knew very well at that stage.

Moving on here ...[intervenues].

ADV SIBEKO: Just before you move on here. You say the on 22 December 1998 GFC issued or requested a commercial offer is it ADS
15 or ASM?

DR YOUNG: No it is ASM. Advanced Systems Management which was intended to become a registered company but at this particular stage it was just a informal say joint venture between British Aerospace and BAeSEMA in particular Telemat and C-Squid I-Squid Systems

20 ADV SIBEKO: That request for best and final documentation. That is your document EDV1998 12/22 which is our RMY63 on page 1297?

DR YOUNG: That is correct yes.

ADV SIBEKO: Is that anything that turns on that document perhaps?

DR YOUNG: Well there is certain things that turn in it but I do not want
25 to elaborate, over elaborate but it is on the record as formally at least it

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was the GFC who initiated the acquisition procedure for an alternative combat suite. As I say officially in terms of this document.

ADV SIBEKO: Then proceed with your evidence. Where you were you stated that EAE, I think that BAeSEMA that having trying to get into SA Navy. I think that is an issue that you traversed already?

DR YOUNG: Yes I specifically used the term British Aerospace because they were at a much higher level than just BAeSEMA. Who are doing the walking and the talking and the running to try and get that and that is fairly important this came at a very high level including the interactions with the Navy and the Arsmcor which I put on record would done at this very high level.

ADV SIBEKO: Can you state in your paragraph 348 that British Aerospace had been vigorously making or using the opportunity to make an offer pursuant to the invitation that you just referred too. In respect of that statement you rely on document which is our RMY64 on page 1320 and your EDSASL. 1999/01/14?

DR YOUNG: No I do not seek to rely on that document for the point that you have mentioned. I seek to rely on that document for their extrication from both their interest and their bid and in fact their presence in the country.

ADV SIBEKO: How did that extrication came about?

DR YOUNG: If I may. I just want to say that it is important before I get to extrication, Is that not only have I mentioned that the say the *bona fides* or the relevant validity of the BAE and ASM interest was true. Despite them being a nominated South African contract remember we are talking

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about the time now of December 1998. I think that I have certainly mentioned it but Thomson had bought the 50% plus 1 share that is the document that I referred to was on 28 April 1998 and that became effective in May 1998.

5 So Thomson had made its move long before six months before this. Of course right from that stage we have it on the record, at least in the minutes of meeting, technical committee meetings, design reviews that Thomson's intention regarding the combat suite would be made known as replacing the Altech Defence Systems own indigenous sub systems
10 with the French one. So it was quite reasonable *bona fide* that British Aerospace on the same basis could also offer its own combat management system. That was the primary thing. It has developed a combat management systems. I think it is called SSC21 or something for frigates overseas and it wanted to offer that as an alternative or as a
15 competitive alternative to the French ones.

This was all quite *bona fide* from every single aspect that you can think off. I think we will get to that in my later evidence. BAE were particularly keen to get this as all the whole defence industry in those days fairly suppressant internationally so companies were extremely
20 keen to get contracts. I think that is on record even involving the Bhlom & Voss they were very keen to get to win this contract.

BAE considered and I have seen it in document and I have heard it with my own ears at various meetings. They considered this what they call a must win opportunity. That means that they put all effort all
25 reasonable effort of course or reasonable expenditure of their bid

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proposal. So much so I know I was there in Cape Town in mobile home type thing at the back at Telemat's premises where I only went there for the odd meetings. I did not work there. I was not permanently working there. They had from what I can remember as many as a dozen Celsius
5 Tech engineers, senior system engineers working on this. I know all of them but many of them by name.

That was a very very expensive exercise having those senior people for that length of time and all of their efforts were extensive were in my own view as an expert were certainly sufficient to make a very
10 competitive winning bid at least, winning competitive bid. In any case despite all of that and minutes of meetings and committing themselves to this whole effort. They reserved their position until a meeting of British Aerospace and not BAeSEMA. I need to say maybe. At this stage BAeSEMA had disappeared and it [indistinct] he Senna part of the
15 French party been sold off and the Naval part was now called British Aerospace or BAE C Systems reporting to BAE Land and Sea Systems. The important point is that the whole of BEA was now behind this bid. They reserved their rights for final, final commitment until a particular meeting.

20 I think it was on 13 or 14 January we are talking about a few weeks later where all of a sudden and I was there at the time a fax came through from British Aerospace to the head [indistinct] the program manager I was there at the time. He walked out as white as one of these sheets of paper in front of me and he advised us that BAE had sent the
25 document I think we have just mentioned it. It is open in front of me. To

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say that it had reviewed its bid and it specifically reviewed its competitive position. Maybe I need to stop there to make sure that if this document is irrelevant that I refer to it?

ADV SIBEKO: I refer to the document as RMY64 on page 1320. That is
5 the document from British Aerospace. I think it the fax and it is dated 14 January 1999 that is where reference is made to the company having decided to have for various reasons amongst others being a review of the competitive position they decided to withdraw from the bid to Bhlom & Voss.

10 DR YOUNG: That is correct. I am a copied party of this letter right at the top. So I do have personal knowledge of the situation.

ADV SIBEKO: What happened to your participation in this bid to which you were invited?

DR YOUNG: Well it basically colossally speaking disappeared in a puff
15 of one fax.

ADV SIBEKO: What happened to your bid at least you participation in the ADS combat suite consortium or association so to speak?

DR YOUNG: Are you specifically mentioning ADS indeed correct. Unfortunately and as I mentioned from the document yesterday the ADS
20 internal document it seems though it made a. I think that the document referred to is written on 17 December 1998 just before this. It may point to that letter at least. The SA Navy very cross.

It also made Thomson and ADS very cross and they also thereby just started playing the games with us of issuing us a draft memorandum of
25 understanding for cooperation but without any particular intention to

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follow through with that. Then certainly it was fairly clear that they would use to do everything in their power to exclude the IMS from the final selected baseline.

ADV SIBEKO: Perhaps moving away from your involvement in the ADS bid. I am just closing of at the document of RMY64. You refer in your paragraph 350 of your statement to the competitive position in your view being an impossible position that was put in place by Thomson-CSF in getting British Aerospace to participate at this process to which it had been invited.

10 DR YOUNG: Yes indeed they use the term competitive position. At risk of traversing the hallow ground of interpretation of documents the competitive position of course is the position that was on the ground at that time. That is clearly Thomson and ADS were going to be the preferred supplier of the Corvette combat suite.

15 ADV SIBEKO: At 351 you make certain deductions having regard to the documents and the information that you have become privy to regarding this?

DR YOUNG: Yes that is correct. I was also at least introducing the this having a political context and surely I will start off with the interventions of the people like Pierre Moynot and his predecessor Allan Detart working the political route. Also I put up this position at the intervention of Chippy Shaik phoning his brother to speak to a politician called Jacob Zuma.

Certainly chronologically or contextually is that it was politician who
25 intervened at this stage and ensured that British Aerospace would not

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compete for the Corvette combat suite part of Strategic Defence Packages.

ADV SIBEKO: Mr Barnes who is he?

DR YOUNG: He is the reason for mentioning British Aerospace would
5 be BAE C Systems. He was the managing director of that and he was
the person to whom I was directed in contacting their extremely sudden
pull out. I had never met him before but I telephoned him. I know from
his phone number and where he lived was in the Ilse of White where
certainly there were divisions of BAE Naval Systems.

10 I am pretty sure who I was speaking too. Mr Roger Barnes and he
told me the things there that never in his 17 years being involved in the
industry he worked very much in the Middle East where the acquisition
procedures are also not done according to MODAC that somebody so
directly and from so high up in the home country being South Africa had
15 said that BAE should withdraw its bid from the SA Navy Patrol Corvette
Combat System Bid.

ADV SIBEKO: On that on 352 you make certain comments in which
BAE was treated. Do you like to comment on that?

DR YOUNG: Yes. I think I maybe this is an introduction to the theme
20 that I will come to later. As I have said before at a global level. BAE's
intentions were completely bona fide. I know having been involved in
the process there are documents that I will come to. I will mention the
specific date of 1997. I need to mention that. It is from my own memory
because there was nothing documented at that stage.

25 It is coming from me and my own personal involvement. In 1997 the

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SA Navy turned I think it was 90 years old. They had a big function in Simonstown and two of their senior managers in the Naval division were in town. I mentioned their names because it remember them. Chris Cortou and the combat system manager program manager Farrel
5 Mossa. He was married to a South African woman. They were in the country and the spent a week or so there at SA Navy 75. [Indistinct] a technical paper on combat management systems or something like that.

While they were in the country and walking around Simonstown they did a whole lot of things. Specifically with their interest in the Corvette
10 and Corvette combat suite. Of course by 1997 I think I am right, anyway if this was not after the RFI's had been issued it was certainly after the defence review had been completed.

I want to say something fairly sensitive. Unfortunately I suppose I am going to be asked who did this. I will probably have to divulge that but I
15 will at least, there is more than one person involved as far as I know. I will divulge the name of the responsible person because he is the senior one.

During the week or two weeks when these BAE people were in the country they made contact with Armscor. In fact the specific person
20 was the senior manager effectively the divisional manager of the [indistinct] commander control division.

ADV SIBEKO: I just pressed this by mistake. Would you like to round that point off before you move onto the next?

DR YOUNG: Yes, I think I am obligated to do so having started it. In
25 any case they made contact with Armscor. The person there he might

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have been actually the head of computers division which became Commander Control Division his name is Pierre Meiring and of course at that stage it was known that the IMS was the nervous system of the baseline combat suite and they wanted to know how the IMS worked.

5 Not the details of it the intellectual property or state secrets but how did this thing work as far as another company concerned, either wanting to integrate its own combat management system using the IMS or if taking responsibility for a combat suite. How would they use the IMS to integrate the combat suite and connect the sub systems of the combat
10 suite with the combat management systems.

In that regard I was contacted by Armscor and I was instructed to hand over things called the interface control documents and I think we had a thing called concept description of how the IMS worked at a higher level. There might have been more. We were instructed to hand
15 over those documents to I think BAE. They certainly were not military sensitive. They were commercially sensitive. They were certainly relevant to a party that was interest in making a bona fide bid for the Corvette combat suite. In those days 1997 September I think it was a year before they started really pressing the point of our own involvement
20 at more than just a technical level.

ADV SIBEKO: We do know that in January of 1999 they withdrew their bid despite being offered to participate. You proceed at 353 of your statement to deal with the contact between GFC and BAE and later you make reference to BAE having been declared the preferred supplier of
25 the Lift and the Alpha how does this relate to the issue of the combat

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suite?

DR YOUNG: That is the introduction of my theme of responding to Admiral Kamerman's evidence of this effort in which I was involved was so untoward using the politest term as I can think of right now. In fact I
5 can remember as I said before. GFC has been selected as the preferred supplier and at this stage the correct procedure officially at least for interested parties in provided whether they are solicited or unsolicited bids is to work through the supplier. That is why I have recorded this meeting to show that is exactly what BAE would do.

10 Also certainly I was not at this meeting which I think occurred overseas it might have been in Germany I am not sure. Certainly it was part of the documents to which I was exposed as a member in fact in loose terms the director of ASM which at that level meeting and the oit that I want to make here is to show that *bona fides* of this bid from all
15 perspectives including the South African Acquisition Authorities is that they did what they were told and actually engaged with the GFC.

I cannot remember the date of this meeting but if I may open the document. It looks like 23 December 1998 I might be right in that respect?

20 ADV SIBEKO: Is that your document ASM 1998 12/23 our document RMY35 that you are referring too?

DR YOUNG: That is indeed correct yes.

ADV SIBEKO: You say that records the meeting that took place between GFC and BAE in Germany?

25 DR YOUNG: Well it certainly happened overseas because I do

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remember that the relevant parties were not in the country. I am pretty sure that this document I see only page 1 of 6 I can see that. This is actually just the covering fax sheet which was all that was left for me when BAE skipped out of the country with the greatest of speed after 14
5 January. They did leave me some stuff and this is one of the documents. I think that this was written by a senior executive Alan Nicholson Florence. So it should be written to Allan Florence and Chris [indistinct]. So it was written by somebody else and it is faxed from the UK. That is all that I say. This was a meeting that was held overseas as far as I can
10 remember.

ADV SIBEKO: You are not able to give comment as to what transpired at that meeting. Is that correct?

DR YOUNG: I certainly can, I can certainly gives comments on it. Because you see this is something that was addressed in the formal
15 management meetings that we were having at the time and I can remember. I can remember the content of most of these discussion points in the management meetings that were being held.

ADV SIBEKO: What report were you given as to what was discussed?

DR YOUNG: I am looking at the document and I think that they are both
20 addressed in my witness statement but for want of saving of time. I see I have referred to the point, point 2 where it says”

“Please find attached points from last Monday night’s meeting with B&V that is Bhloom & Voss a breath of fresh air.”

I believe of what they did not say was we want to give you the contract
25 because you will work with us. That is the one point. The second point

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well I said this matter was ventilated above my level and it seems that they also discussed this with other parties and maybe this is also a divergent from the MODAC procedure. They are somebody here at F3 at the bottom of the page.

5 *"I asked Brian about FBA or C as being greedy et cetera."*

I can tell you it is Brian Blackbeard who I know was involved in this process at least in [indistinct] . He had already asked Msiki Mshembe is the correct spelling sorry, hopefully it is the correct pronunciation but that is spelling is certainly incorrect. who was the chairman designate of
10 the Joint Standing Committee of Defence and his response was, 'No stop be nervous.'

The point that I want to make is that every. It is with political things certainly not sanction or even known by me. It is just a recordal of reality whether it was people at least relevant people in the political era
15 being the Joint Standing Committee of Defence. Certainly people in Armscor and people in the Navy and people in the DoD were also being canvassed to whether it would be acceptable for BAE to bid on the combat suite and not only on the military aircraft.

ADV SIBEKO: You also mentioned the chief of the Navy Vice Admiral
20 Robert Simpson-Anderson was also approached. This appears at paragraph 356 of your statement. I believe you deal with that matter with the aid of your document EA1998 12/02 which is our paragraph RMY66 which is at page 1322 of the bundle.

DR YOUNG: Yes that is correct, I have the in front of me. Similarly to
25 the points describe in eh previous facts most of this were then

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discussion in our regular meetings held. Nike Project and there was certainly a bunch of meeting and I am a part of this meeting. Of course in meeting like this there is feedback being fed back from other tasks that have been implemented by other people in the intervening period.

5 What is recorded at this meeting is under paragraph 3 halfway down also to emphasis the point that this was not just some frolic of whether it is BAE's or ASM's or my own as seems to be in contended at these proceedings. Before they talk about a meeting being done I think this carry on from messages from BAE again. All of these things certainly
10 within my knowledge. the BAE does not listen to what I tell them to do. Even if I gave them my ideas of what should be done in the home country being South Africa they have done with a thousand times before.

 There are only 120 countries in the world but certainly in many of
15 those had done some very similar efforts of becoming involved in defence contract. What they say it a recordal of the Chief of the Navy meeting and that is the current one at the time was Rear Admiral sorry Vice Admiral Robert Simpson-Anderson and he is recorded being saying excited about competition for combat suite originally was ADS or
20 nothing.

 3.2 says:

“Navy does not want a French Solution on either Corvettes or submarines it wants a system which is working not a proto type.”

 It carries on, not only what the Navy was saying but clearly they also
25 been in contact with Kenneth Hannafey and there are documents which

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may or may not be included. Certainly I even attended two meetings one called by Chippy Shaik independently and another one by Llew Swan where was actually personally there and I agree with this statement. There was great confusion about these two persons what do we call them, chiefs of service, chiefs of Armscor and Chief of Acquisition were saying about whether or not there should be, the first thing is. Whether or not there could be a competition at this stage. I think it is fairly clear in fact I know that from, Chippy Shaik is on the record by saying that there will be competition or certainly not that ADS and Thomson are pre-ordained. The letter that we traversed even last week but certainly written later. Would have formulise the position of Llew Swan. This means that BAE and therefore on behalf of ASM were interacting with Arrmscor and the Navy with regard to the validity or the reasonableness or say the lawfulness of being interested in making a bid.

15 ADV SIBEKO: When you referred to your DTI363 which is our RMY36. Is that correct?

DR YOUNG: Yes that is precisely correct. Just to point that I have just made.

20 ADV SIBEKO: From paragraph 360 to 363 you make certain conclusions regarding the combat suite and BAE. Would you like to take us through that before we take the lunch adjournment.

DR YOUNG: Maybe I am pre-empting my evidence. Certainly my interpretation of the evidence that was given by Captain JEG Kamerman that my interest in AMS and BAE and of course the joint interest providing a competitive bid for the combat suite is part of it. It is just a

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commander control section was just so untenable and so contrary I think he says the hopes and dream. I think he is talking on behalf of the defence or the joint project team I am not sure. He say that is that the interest in[indistinct].is illicit holding such a position in a formal position
5 and regarding the formal acquisition processes whether or not they are MODAC or 147 it will be unlawful, that is my own view in terms of the competitive requirement of the constitution where that is an imperative.

COMMISSION ADJOURNS

COMMISSION ADJOURNS

10 RICHARD MICHAEL MOBERLY YOUNG: (s.u.o.)

ADV SIBEKO: Dr Young, we... as I indicated just before the adjournment that we were dealing with the issues relating to bribery allegations that you [indistinct] at your paragraph 365.

DR YOUNG: That is correct, yes.

15 ADV SIBEKO: Could we then begin to deal with that and proceed [indistinct] forward?

DR YOUNG: Okay. I have introduced one of the subthemes of this theme of bribery in terms of motive. Of course... of course there is now opportunity and one of the legs of opportunity is having the sufficient
20 funds for which to do it and that is the point to which I want to come now. And I would like to analyse the evidence, if I am allowed to do so of course, that within the project, especially the combat suite part of the money, there would seem to be sufficient amounts in there that could
25 fund these same level of bribes as I have referred to, alluded to under the platform part. And it is also one of the reasons why we went through

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the whole combat suite pricing of the R2.6 billion as opposed to the R1.9 billion of the expected levels. In that context I want to address the financial opportunity for actually paying such bribes.

ADV SIBEKO: Does the document you refer to at the end of paragraph
5 365 DT10339 have any [indistinct] in the analysis you want to make? It was our RMY67 at page 1325.

DR YOUNG: Yes, it certainly does. I just want to... it was also relevant in a slightly different context as well. So, I might as well address ...[intervenes]

10 CHAIRPERSON: I am sorry. Advocate Sibeko, RMY67 and which page?

ADV SIBEKO: Page 1325.

CHAIRPERSON: Thank you.

ADV SIBEKO: You may proceed [indistinct].

15 DR YOUNG: Okay. It is also relevant in another theme which one can call a lawful competition, because this document affected the proofs that ADS in South Africa share our prices [indistinct] IMS with its head office in Paris.

As I have indicated, we are on the first page with the... sorry,
20 [indistinct] the document itself indicates that this is a presentation given [indistinct] a French official, Thomson of France, official [indistinct] Mr D Fork... D Fork. I think his name does come up so that we can get his name spelt correctly in the record. But you can also see the word [indistinct]. It was also [indistinct] by encrypted facts. I do not want to
25 belay the document, because it is a 30-page document. So, will quickly

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point out the items of relevance.

If we go down one, two... at about the third page, you are paging through it, you will see a complex suite diagram there. Again, it shows that the IMS is part of what the French here were considering as part of this presentation. If we get to my sixth page, it has a 931 on the top right corner and it looks like a PL5 in the bottom right-hand corner.

ADV SIBEKO: That is on page 1330. It is a document entitled 'project Sitron description'.

DR YOUNG: That is correct. Fourth line from the bottom above the line it has got the word 'bus' and it has got C2I2. That is indicated in these discussions, not only our company but our bus. We go through lots of other stuff in French, but the point I am coming to is on page... my page 8 and it looks like 933 at the top and PL71.

ADV SIBEKO: That is the document at least written in French. It says: 'hypothesis [indistinct].'

DR YOUNG: Your French is better than mine. And I think so, because nobody wants a translation from me. But nevertheless, the next line at least has an English word or two in it. The budget of the client is R2.2 giga or with reference to R1.8 giga [indistinct]. Even the French knew of the expected price. I think the 1.8 actually means... obviously declare is not the main idea, because that is 1.47, the adjusted amount. But even they were expecting something of R2.2 billion whereas... that means that there was R400 million between this price and the final price.

I think it also shows, if I may say so, is that all the prices they put in after here, because this document was dated or given [indistinct] a date

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on the first page of the 26th of the 1st of '99; and as we know after this prices went up to R3.9 billion, R3.3 billion, R3 billion, whatever. So, even here they are expecting 2.2.

And if we get to the page, my page 11, the page has 935 at the top and 309 at the bottom. And you will see the point, the financial point I am trying to make is in their budget of R2.2 billion. They have got a 'reserve de management'. Fortunately that is an easy one to translate. It is management reserve that management wants to put on top of the project management and the financial management team. Certainly that is a 5%. Certainly if there are any extraordinary expenses or useful expenditure it has to come out. That is a good place to do it.

I think I have marked 'margin nette'. That means the net margin, and that is a reasonable figure for anybody who has got a private company to make, of 10%. They still got other... I could not say contingencies of 3% for penalties and negotiating margin for 5%. You normally would expect to come down. Your negotiating margin would be taken up. In this particular case it jumped from 2.2. So the margin was far too low.

Then on the next page there is a NIR - 6%. I have to... not sure what that is. And the compensation, I think that is for... IRP is for some kind of industrial anticipation and other compensations. And [indistinct] this document or the OECD document, the term 'compensations' is compensating the home country people with money.

So, I think it relates directly to my point. This is not just by analysis. It is pointing out where this... even this large sum of R2.2 billion had a huge amount of 30, 40% that could easily have funded the bribery

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amounts in itself, let alone excluding the R400 million that was added onto it; and was added onto it after, as I pointed out, when the reduction... there was a substantial reduction in the scope of supply of the combat suite; both in terms of quality and quantity.

5 Another relevant point is relating to my whole issue of risk and the risk pays the price, the price that took us out. If we go down to my page 14, over the page [indistinct] with the 839 at the top and a PL13 at the bottom, right-hand side.

ADV SIBEKO: Is that the document... our document 1338 with the first
10 amount, R430 million?

DR YOUNG: That is indeed correct. Here they address the issue of risks, the first one which is blocked. I think your versions are blocked as well, but certainly the line above 'total' in the middle has got R45 million of technical and industrial risk. And then we go down... that is on the...
15 okay, there is two parts – proposal of ADS. I think [indistinct] ADS. I am not sure what that means, but here they have got another provision of risk of R230 million. Now, it is fairly clear that [indistinct] much higher risks were actually applied.

On the next page they also seem to... ja, they address... the first
20 page is ADS risks and the second part is naval combat systems. That is the naval division of France. They also address their risks. Again, if I might say that they seem to differentiate between industrial or technology risks, those [indistinct] small amounts, and that we classify [indistinct] as business risks or commercial risks. Here they talk about
25 risk techniques. I think it would be technical risks. Be that as it may, we

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now come to... my page with [indistinct] of the 943 at the top.

ADV SIBEKO: It is page 1342; 1342.

DR YOUNG: I do not have those figures. I have got... that number I have just mentioned at the top is quite... the name of the spread sheet
5 [indistinct] which I think means pras.xls at the bottom right-hand side.

May I just ask [indistinct] whether your version has the annotations in little arrowed blocks? Okay, two things: I notice it does not. I have made annotations on my... of my own here. So, I will, without belabouring the point, I will just address these and... ja. I will not go to
10 all of them, but I think I made a point here. On the very right-hand side one can see the first document was faxed and the note I put to myself it is vertical for me. But it is clear to me that this was faxed from TCSF Africa, the TCSF France. It is a point that I want to come to. The whole document is actually written in... well, let us not say the whole
15 document. That would be wrong. But even the term 'risk' is right at the top of the block in the first line of the table. I think that is a pretty strong indicator that this was a spread sheet that was produced, if not in France but for French [indistinct] assumption.

There are... if I may [indistinct] is the... what I have said the
20 absolutely [indistinct] prices for the combat management system, as well as system integration and project management, that they are right at the top on the right-hand side under NCS part. And also I will not go into detail. You will see the 'bus' is indicated almost before the little total sub-block. So, it is three lines above the bottom of the table. [Indistinct]
25 because I also noticed your version, Advocate Sibeko, is done

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unfortunately in portrait mode. So mine is a landscape note. So, I am pretty sure all the copies are in the same mode and that is almost impossible to read.

So, if I... that is why I am also... it is necessary for me just to point
5 these things out in an English version. But the word 'bus' with C2I2 written next to it, the prices I have indicated there. And the price is indicated in the column under ADS part. Now, I have [indistinct] increasing the size of mine to read it. Yes, indeed the price there is indicated as R60.291 million. Then there is an ADS [indistinct]... of R30
10 million. So that was that. We could justify would be added.

Then the risk part, as the next column, has got exactly the same amount as the 62... 60,291. So, as I have indicated to myself here, is a simple [indistinct] of our price. Now that is a fairly important indicator, the way... [indistinct] and if I may say so not... trying not to be sarcastic,
15 [indistinct] of the unprofessional way in which risk was just being handled. It was not being handled in a [indistinct], even a [indistinct]. It was just a simple [indistinct] with at this stage the price that ADS Thomson was going to offer for the IMS of R134 million.

But certainly in summary this spread sheet indicates that our prices
20 were being addressed in Thomson-CSF France and it comes to the point I have mentioned before, giving away our prices from ADS to [indistinct] company which also owned what became our competitor. Detexis is what my own legal time would refer to as unlawful competition. Now certainly it is a relevant point to me is that whatever
25 one... whatever I might say is that our prices did get into the hands of

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our competitors.

Sorry, [indistinct] reduce my spread sheet and I do not think there is too much to address further. So, I will just page on.

ADV SIBEKO: There is nothing further in this document that seeks to support the hypothesis of the increase in price to cater for the bribes.

DR YOUNG: Certainly not. That is why I said I think that the whole negotiating tactic was *mala fides*, was opportunistic. Of course at this stage, as I have mentioned in the respective BAE [indistinct] it was now non-competitive. Certainly by this date it was non-competitive and pretty sure I can safely say that if there had been a competitive and as the navy, the chief of the navy indicated [indistinct] chief-executive of Armscor later that this whole process would be completely different.

And the page I just want to refer to, just to prove a point, comes down to my page 20. It has got a French number with a French [indistinct] number D416 at the top, and I think the South African number 880017, the top. And what I wanted to point out firstly it was ceased in France. That is why this is a French ministry of the interior document to prove that it was ceased in France.

ADV SIBEKO: Are you referring to our page 1344 which is entitled 'French public ministry of interior and national and regional development [indistinct]'?

DR YOUNG: That is indeed correct. This is an English version. There is a French original version and I think I am safe to say... I think I am on safe enough ground to say the French original version would have had a number D416 and the officially translated version is the one which has

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the number 8800714. That is the English version. And as I say in the middle of this page it says 'Project Sitron South Africa', a file marked 'presentation to Mr [Indistinct]. That give his spelling. He is, as far as I know, the executive or the manager of France; also had eight business
5 [indistinct] holdings from Nkobi Holdings ADS. I do not think that is necessarily relevant. But be that as it may, I think that is [indistinct] intention that there was unlawful competition regarding the disclosure of our price.

ADV SIBEKO: Having dealt with the issue of the disclosure of your
10 price, you then go on to deal with the issue of Chippy Shaik's recusal as chairperson of the PCB and the meetings you may have had with certain [indistinct] of combat suite.

DR YOUNG: That is correct.

ADV SIBEKO: And you furnish proof thereof of what you referred as
15 unlawful meetings. In your document DT10344 and... No, I beg your pardon. [Indistinct] 01PDF versus our RMY68 and the other document is our RMY69 which we will identify in due course. RMY68 appears to be a VAT invoice from [indistinct]. How did you get hold of this document and from whom?

20 DR YOUNG: This document came out of the documents that were involved in the Schabir Shaik trial as far as I can remember.

ADV SIBEKO: And how do you connect this with Chippy Shaik?

DR YOUNG: Okay. A point I want to make – although Chippy Shaik formally declare his so-called recusal, combat suite discussions at the
25 first project control meeting on the [indistinct] meeting on the 4th of

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December 1998. He had been appointed as chief of the acquisitions substantially before that; I think about a year or so.

But if there was a conflict of interest it would not have come just when he first recorded his recusal. He would have come when the
5 object of the recusal and the conflict of interest, being the... well, he recorded his conflict of interest in regard of his brother Schabir in the Schabir Shaik's interests through his company Nkobi Holdings, Nkobi Investments as a partner for Thomson and ADS bidding for the Corvette combat suite. Now as we know, that came about formally at least once
10 the GFC had submitted each responsible... each response to the request for offer in May. So that is when the conflict of interest would have come into play.

This is a meeting here... private... obviously it is a private dinner meeting between Chippy Shaik and the person who is making the claim
15 for the expense, and that is Pierre Moynot. I am saying that and one thing I can see is that on the very last page of this... and this is not so much in respect of that meeting with Schabir Shaik; but the image that is at 45 degrees, I have blocked it. I do not know if it is in your version, but that is Mr Pierre Moynot's... is his signature. So, I am saying that this is
20 an indication that Pierre Moynot was meeting with Chippy Shaik.

ADV SIBEKO: Oh, the document you refer to with a 45 degree image is that the document which is at page 1357.

DR YOUNG: I do not know... I do not know. That is the third page in this...

25 ADV SIBEKO: That is only the page. You were referring to something

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that demonstrates that this is a Pierre Moynot document or he is the one who hold the meeting. Where do you find that?

DR YOUNG: Well... okay, the graphical... it is not [indistinct] clear, because it is an extremely bad photocopy, scan. But as far as I can
5 remember is that... I know what Pierre Moynot's signature looks like and I think that could be his... a very bad version of his signature on the [indistinct] page. What I do know from other documents that this was an expense claim of Pierre Moynot and it has got Chippy Shaik on the very first page. It has got the name Chippy Shaik within handwriting and the
10 word 'invitation' next to it.

ADV SIBEKO: I am just struggling to see [indistinct] the signature you are referring to is [indistinct].

DR YOUNG: Okay, sorry. I will block my version. If one... if one stands upside down one's head, one sees the words 'customer copy, kliënt se
15 afskrif'. Can you see that right on the top?

ADV SIBEKO: Yes.

DR YOUNG: Right. To the right... to the right in that open bit of space, which should be an open space, there is a squiggle. I know it is not that clear. But anyway, I have seen Pierre Moynot and I think that that is his
20 signature. But anyway, I do not want something... it is obviously not clear enough to be submitted into... into evidence on its own, but it was an indication that I had... that this was something where Pierre Moynot had put some ink to paper.

ADV SIBEKO: Now, at RMY69, that is your 0334 document, 0344
25 [indistinct] RMY69 is at 1358.

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DR YOUNG: Yes. This is also indications... Yes, this is just another PC documentary evidence that despite the so-called recusal with the people involved in the combat suite that French people, Thomson people, were meeting with Chippy Shaik. This particular document is extracted from

5 Alan [Indistinct] diary. You can see that it is a document that indicates the date. I unfortunately cannot... I certainly [indistinct] indication of the date, but it is a ceased document with a 7800044. I do have the whole diary [indistinct]. Unfortunately no diary has more than 300 and... this type of diary has more than 365 pages in it. But it certainly is an

10 indication of a meeting between Alan [indistinct] who is the Thomson-CSF delegate in South Africa. I can see a date here of the 2nd of February. I am pretty sure that is the 2nd of February of '99, because Alan [indistinct] went back to France in the next year and he came in the... he only arrived... he only arrived in the country at this time.

15 Also the indications of the meeting with Barbara Masekela are a graphic indication that it has to be '99, because the meeting with Thabo Mbeki between France setup by Barbara Masekela was for the 17th or 18th of December '98. So, all the indications are that this was following that [indistinct] this is a 2nd of February '99 diary entry.

20 ADV SIBEKO: We continue with the theme of elicited meetings with Shaik and officials of Thomson-CSF at paragraph 367 of your statement. And you refer in that regard to your DT10236, our RMY70 at page 135.

DR YOUNG: That is correct, yes.

ADV SIBEKO: I see that the bulk of contents of your paragraph 367 is

25 actually a quotation from that document. Is there anything specific you

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want to deal with there?

DR YOUNG: Yes, I think I need to do it. Okay. Again... although this document is dated the 9th of July '98 it is for the same reason relevant to the so-called reason for the recusal.

5 ADV SIBEKO: Perhaps... sorry to interject. Before we deal with it, how did you get hold of this document?

DR YOUNG: Again, it is out of the Schabir Shaik trial. As far as I can remember I asked people in Durban to pull, legally speaking, documents out of... whether it was the evidence bundles or the discovery schedules
10 or whatever, that the proof or the authenticity had to indicate where it came from, is the number right at the top; 7808988. That... I know that that is a... that is a DSO document and DSO being the investigating authority for that trial.

ADV SIBEKO: You can then proceed to deal with the document.

15 DR YOUNG: Okay, without belabouring the point. The first document is obviously the official one which is in France. Sorry, not France. It is in French, signed by a senior executive, Mr [Indistinct], executive of Thomson-CSF of Paris. Fortunately I did not [indistinct] to translate this for me, because the DSO did that on our behalf and their own behalf,
20 and I have referred to the English translation of that document.

ADV SIBEKO: That appears at our pages 36... 1361 and 1362.

DR YOUNG: That is correct.

ADV SIBEKO: And the relevant portions of that document have been referred to in your statement and [indistinct].

25 DR YOUNG: Yes, but not all of them. So, certainly that is the most

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important part. But there are one or two other things I see that are relevant.

ADV SIBEKO: Will you just deal with them? We can move on [indistinct].

5 DR YOUNG: Okay. What I put in my witness statement here is Mr [indistinct] records his meeting that he had in early mid... early mid-'98 with Chippy Shaik, the chief of the acquisitions. He puts here Armscor. That is obviously incorrect. That is the Department of Defence. And he says here A Dutart whose name I have mentioned, the author of the
10 cryptic facts. Now have that long talks, more than two hours with Mr Chippy Shaik. These talks were important, taken into account what was discussed and the interlocutor's position, chief of acquisitions.

The main points are as follows:

*"Mr Shaik was aware of our London talks. We spoke about them
15 without any restraints. More particularly, he has spontaneously mentioned the name of Natalia..."*

That is Natalia in English;

*"...to show us that he had a very good idea about our contact here. His position is both simple. If we stand with partners and various friends
20 [indistinct] to him, he will make things easier and should the opposite occur, he will make things difficult."*

That is what I have said here, but if I may just refer to the document briefly. I think what is important here in context of what I have said and probably what I am going to be say is at the top of my page 4... is that
25 the second English version, [indistinct] ending in 989 at the top.

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ADV SIBEKO: That is page 1362.

DR YOUNG: I do not know... sorry, I do not know your page numbers.
So...

CHAIRPERSON: 1362.

5 DR YOUNG: Sorry, I do not know your numbers. I do not have it. I have got... it is fourth page down for me. Okay, it says there under 5.5:

“As far as the Corvette program is concerned, Mr Shaik informs us that the question of the sharing responsibilities between the program, various players is the object of fundamental differences between his
10 *team; Captain J Kamerman...”*

Spelt incorrectly;

“... plus [indistinct] and himself. The setting up announced by ADS, Mr Pierre Monyot of a local suppliers consortium, including ADS is not in any case a solution that will be able to bring the necessary performance
15 *guarantee to this program which taking the challenge.”*

And that is I think the price;

“R1.2 giga less than R2 giga to account may only be provided by prime contractor, having the necessary resources and experience.”

Anyway, what I think they say at the end before the signature is we think
20 NCS France must speedily contact Mr C Shaik in consultation with the delegation. Now whether or not this is in the context of recusal, I do not think that the Modac procedure would allow for this kind of thing with the chief of acquisitions.

Okay, there are other pages, but I do not even think they are
25 necessarily even relevant to that particular record.

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ADV SIBEKO: Right, next you deal with the other example of these communications between Shaik and officials of Thomson-CSF you have already dealt with in RMY69, your DT10344.

DR YOUNG: That is correct, yes.

5 ADV SIBEKO: But we continue then at paragraph 370 to say he was also directly engaging with the head of Thomson-CSF, NCS, Alex Dorrian as well as ADS CEO, Pierre Moynot and in that regard he refer to your RMY71 or at least our RMY71 at page 1366, your DT10445 and your DT10360, our RMY72. Both these documents appear as from page
10 1366. That is RMY71. And RMY72 is at 1368. Let us start with that first.

DR YOUNG: Okay. These are further examples, maybe just slightly contradict the JIT's conclusion that this was no recusal at all. Unfortunately that is not quite the case. There was a recusal. There was a reason for a recusal, but these documents prove that despite the so-
15 called record of recusal that Chippy Shaik did indeed in the relevant time period engage directly with ADS and Thomson.

ADV SIBEKO: Could you just briefly describe what RMY71 deals with?

DR YOUNG: I hope I have got the right document. It is a very bad copy, but I can see a date at the top. This is where it has got a 094 as the
20 evidence document and underneath that, quite far, there is a date and place – Pretoria, 26th of the 5th of '99. Now, if you remember from a couple of days ago, that was precisely the date two days after ADS submitted its best and final offer. And that date of the 26th was two days later when there were negotiations between ADS and that the
25 Department of Defence regarding the best and final offer and reduction

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of the price to the expected amount.

But this letter is written by Alex Dorrian who I actually happened to meet once. Not when he was working for Thomson, but strangely for BAE Systems, not long before that. It is a redacted document, but
5 nevertheless you can see right at the top it was formally supplied to me; I think under PAIA. And that is why it has been redacted and that is also why it has been provided to... well, it has been desensitised by Lieutenant-Colonel PHJ De Waal.

But anyway, it is on a Thomson letterhead and it is addressed to the
10 director of acquisition of the Secretariat of Defence for the attention of Mr Chippy Shaik, spelt wrongly, and it is in respect of the Corvette combat suite, and it is in respect of further to the joint offer of Thomson-CSF NCS ADS that you will receive on Monday as I say in 24th. We would like to comment.

15 Anyway, this document goes to offer a completely different combat suite, offer something... a different surface to surface... no, it offers a different tracker. It offers a different communication segment. It offers a different surface to air missile.

So, anyway, that is also proof of complete divergence of... at least
20 from the French side of conforming to the South African local combat suite. But most importantly, it is directed to Mr Chippy Shaik. And if one is... read... recused himself, one certainly would not expect that and I do know under recusal, for state of recusal you are not really meant to be in possession or... of any documents relating whatsoever to the
25 matter.

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ADV SIBEKO: The next document you refer to.

DR YOUNG: This is a document that is far more relevant. I received it as an annexure to one of the transcripts, section 28 transcripts. It is indicated here as... you can see two things or at least mine, HNN4. That was the fourth document referred to in the interview under oath with Mr... sorry, captain... naval captain Nic Marais. He did not provide it to me. It was formerly provided to me. I can see it seems to have also been a document... it has got scratched out here, but it has got JEGK. So, it might indicate that it was also referred to in captain... then Captain Kamerman's interview under oath.

But nevertheless, it is a document signed by the project executive. That is Captain JEG Kamerman self as the project officer for Project Sitron and the word underneath there 'manager' is actually a mistake, because it should have come with Armscor program manager. On the right-hand side Mr F Fritz Nortje and is dated the 2nd of March '99 which is as far as I can work out; my [indistinct] tells me four months after the recorded recusal. And it says there at the top that this is discussions between SAN, Armscor, GFC and ADS. [Indistinct] it refers to SAN, because I think it really means DOD. I have made that mistake as well, but nevertheless SAN is part of the Ministry of Defence.

But I think probably only two points I want to address are what... it says Mr Moynot... it is recorded as Mr Moynot saying he explained the background of a meeting with Mr Chippy Shaik and Admiral Howell on the 26th of February '99. He explained that Mr Shaik requested certain information regarding prices and alternatives. Now, in the simple...

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ADV SIBEKO: Now, you recall that in terms of the ruling that was made yesterday you are not supposed to give any interpretation to the documents you have not authored. So, having that, the terms of the ruling at the back of your mind, you can continue to give your evidence.

5 DR YOUNG: Okay. We go on to point 2 then. The project team indicated that the matter cannot be negotiated at two levels in parallel.

ADV SIBEKO: Now, in terms of the documents you have referred to, if one has regard to the contents of those documents, what do they demonstrate?

10 DR YOUNG: Well, I suppose that is an analysis and maybe a conclusion as well. But as you have invited me to do so, I will carry on do so until I get stopped. Clearly, they are documentary evidence that Chippy Shaik was involved in this process after his recusal, that I think would be unlawful. It certainly is irregular, illicit in the terms of reference
15 of this commission.

The previous point which I mentioned is that negotiating the combat suite price and content in parallel. I am pretty sure the meaning of that is that it was not done in accordance with Modac and I do not think Modac allows parallel negotiations of this nature. And the second thing is that
20 the project executive knew of this... these violations which, in my view, are fundamental and yet nothing was done about it. So, after... I mean both Kamerman and Nortje were at the meeting of the 4th of December where the recusal was recorded in their presence; and here is, you know, a clear indication of a contravention in a very extremely material
25 way.

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ADV SIBEKO: Now, having dealt with that observation you make, you continue then in paragraph 372 where you say that:

“On a perusal of various documents and minutes of the PCB there appears to be clear evidence of pricing manipulation.”

5 Just take us through that.

DR YOUNG: I do not want to belabour the point, but I will... because we have just traversed that in substantial detail in the last two days at least. But certainly there are... I think I have alluded in a couple of times to the pricing. Maybe even say pricing manipulations, manipulations
10 probably being used in its broader sense at least.

But if we can say just, you know, for clarity, the pricing going upwards from R1.7 billion, R1.8 billion, R1.885 billion, R1.9 billion. That is in the 1998 timeframe. Then we have just seen the previous document and the French presentation. They are recording it as R2.2
15 giga at R2.2 billion. And believe me, those people, being Thomson, had a very, very, very good indication of the prices. So, that would have been a relevant one.

But of course the first price that they put in after that was R3.9 billion and it went down to R3.6 billion. [Indistinct] went to R3.3 billion, went to
20 R3 billion, 2.9, 2.7. Then it went down to 2.3 with an indication of it coming... being possibly coming down to 2.1 at least which is pretty close to the French one of 2.2. But yet it suddenly jumps up at the last minute and I have got documentary indications of that that... I think at least in two instances from Pierre Moynot as the CEO of ADS and
25 effectively his boss or at least his counterpart, Alan [Indistinct] of

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hurriedly changing their prices of R2.3 billion to... up to 2.7 or 2.6. That is, for me at least, unexplained and inexplicable.

The reason why it is unexplained is there do not seem to be any negotiations that took that price from 2.3 or... on its way down to 2.1, 5 jumping up to 2.6 again. And of course not only is unexplained, but is also inexplicable. And certainly... and also of course I am not quite sure where the affordability report might have got that figure, unless of course it was from Chippy Shaik.

But anyway, it is a reasonable interpretation for me, at least for the 10 purposes of this type of enquiry. If you are jumping from 2.3 to 2.6 and there is no reason for that, is that that could have either been the bribery amount or funding part of it that I refer to as why we, being ADS, could be in big trouble if somebody in the ANC opening their big mouth.

ADV SIBEKO: You conclude that discussion by stating the following at 15 the end of your paragraph 373 that the pricing manipulation gave Thomson-CSF about R1.3 billion and ADS about R0.8 billion worth of contract value.

DR YOUNG: That is correct, yes.

ADV SIBEKO: That is a conclusion you arrive at after the analysis you 20 have just made.

DR YOUNG: Yes. And without belabouring the point, I have tried to prove... I tried to make none of my assertions bold, if possible, and there is a document there which we can open. It is a document that was actually sent to us as well. So, I have personal knowledge of it. It was 25 sent to us semi... semi-formally or formally. But it has a break... a price

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breakdown of that final price arrived at.

ADV SIBEKO: Is that your document, 0505?

DR YOUNG: That is correct, yes.

ADV SIBEKO: And our RMY73 for the record, appearing at 1369.

5 DR YOUNG: Yes, that is correct. It is fairly self-obvious, but the total amounts have been divided into a platform part, part A, and a combat suite part which is part B and C, and I do not want to go through all this. Hopefully your copy has been copied in landscape mode and is legible, but the figures I have got add up to that R1.6 billion for Thomson and
10 ADS together and about R300 million for ADS itself. One thing I can see in this document is somewhere in the middle. Just to the right of that looks like a crossed spears. We can see something there.

ADV SIBEKO: Is that the second page of that document you are referring to, our page 1370 with a number of blocks and arrows depicted
15 there?

DR YOUNG: That is indeed correct. Just to the right-hand side of the crossed arrows I can see the word 'SSM' and then the rest... the other word I actually cannot read. But it looks to me, at least in my version, of an amount of R182.257 million and that is one of the tiny bits of
20 information that have come our way where I tried to analyse the SSM price. But if I am correct in my... let us call it not an interpretation but an assumption. If this was the price, the final price for the surface missile it does not accord with even the price of R390 million for the surface missile, including its R17 and its on-ship launches. I think that is all I
25 need to say on this document.

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ADV SIBEKO: Having concluded then on the price [indistinct] you say there are further observations on pricing that you deal with as from paragraph 374 through a document. In your PDF files it is 0607 and for our purposes it is RMY74 at 1371.

5 DR YOUNG: Correct, yes. I think there is only one particular point I want to mention in this architecture. It is at point 13 on the second page of this document, but I have quoted it. Maybe I need to say for the context is despite this so-called risk which of course if price risk and business risk that has been alluded to, commercial risk, which of course
10 was all about money. That even internally, and of course this document came to me later, legally if I may say, indicate a [indistinct] number at the top which came out of the Schabir Shaik trial.

But anyway, as I have said there, despite ADS making so much noise about risk and costs and all of this inexplicable migration upwards
15 about price, ended up at R89 million which actually included the R12 million of the so-called IMS study. So, of that... not the R89 million, because that included the risk strategy at 12, but R10 million they talk about... You see now I have lost my place, except for the document. So, I will go to the document.

20 But it says here the implication of the change of the baseline architecture, being the baseline architecture, ADS was now exposed to an additional cost of plus-minus R10 million PM. I think that is project... well, PM we know it is discussed with NCS. So, you know, these costs and of course the risk of costs do not only apply to [indistinct], but to...
25 and I thought that is quite ironic.

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ADV SIBEKO: Through the aid your DTI0475, our RMY75 for purposes of the record appears at 1393. You seek to further demonstrate the impact of the risk that you were talking about a short while ago.

DR YOUNG: Sorry, just to make sure; are we talking about RMY75
5 now?

ADV SIBEKO: Yes.

DR YOUNG: Yes actually used the term the impact of risk. That would not be the right way that I would describe it. It is basically just to show. This is just a doctor, sorry a document which I wanted to point to which
10 actually indicated a risk at the system level not by a assuming the Detexis bus instead of our own. It is a 34 page document so I am certainly not going to traverse it at all. I think I just need to point at the first page. Maybe, anyway as we can see top it is a Thomson-CSF Detexis document. Its authenticity arises from it being supplied to me by
15 the Department of Defence jointly with Armscor in it Pie Act response to me

It is clearly in respect of the South African Corvette Sitron and slightly offensively to me they refer the functional specification of the Detexis bus as in the context of the information management system
20 segment. As far as I am concerned the IMS was a C-Squid I-Squid offering and their one was the Diacerto Databus offering. If I may what I meant by risk.

If we can see the date of this document. It is dated in a place in a place called, San [indistinct] to 22/99. Now as far as I know this is the

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of baseline management as well as figuration control and they refer to it as the date being 22 June 1999 and it being the initial revision indicated to authors of that. I think one of those authors was the visit to South Africa three weeks before. Which clearly initiated them writing their first
5 specification.

If I may say if we have to analyse, well not analyse just oppose the risk constituted to the combat suite to ADS themselves, Thomson in a system that could only be specified from the first time at this late stage on 22 June. Compared to the IMS which had been formally baselined[?] it's first specification probably came out in 1993 and it had a baseline
10 specification that probably existed at this stage for four or five years.

I think that, that is a reasonable indication of the technical basis I can say that there were indeed more risks technical risks regarding the Thomson Detexis Diacerto Databus than our own one.

15 ADV SIBEKO: You continue with the theses relating with failed revisions and price regulations. In your discussion of the matter at paragraph 376 and 377 up to 378 of you statement. With that you referred to your DTI0443 or RMY76 which is at page 1427 for purposes of the record?

DR YOUNG: Sorry I am just trying to follow. Are we talking about
20 RMY76?

ADV SIBEKO: That is correct. That is right. This is all part of your discussion on further provisional price inflation.

DR YOUNG: Yes hopefully everybody would be pleased to know that this is a matter that we traversed before a day or two ago. I had to bring
25 up the document in that particular context as I said, I elected to address

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the document at that stage while it was open. Of course I indicated here that if I needed to I would be able to find it quickly.

From what I can see is that certainly up to 378 we have actually traversed before and we do not really need to traverse again.

5 ADV SIBEKO: That takes us then to the handwritten notes that you have referred to at RMY77. Which is your DT10438 that is at our page 1432. Your comments regarding your DT10483 and our RMY78 which starts at page 1433, dealing with the combat suite total costs.

DR YOUNG: Yes again this is something that does not have to be
10 traversed in excruciating detail. The thing that I am looking for here is a handwritten document, obviously confirmatory notes regarding the pricing that was recorded at briefing on the pricing from the best and final offer. That was given by GFC and ADS on 24 May. We have discussed that in some detail.

15 Certainly it does record where I have got some of this information from. It is also a document that I received under Pie Act. There is something that I do not need to discuss the details with we have discussed it enough at point 9. Offer still ADS's 22 from R25 million and I say this was strange after the competitive... because C-Squid I-Squid
20 quote as May 1998 those were prevailing baseline financial conditions and not December 1998. I have discussed that before and it was based and that minor detail that they still were excluding at this stage six weeks later. Based on a simple thing called rate of exchange, fairly inexplicable for me.

25 Important is point 16, still on the first page. It goes to another slight

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tiny bit of information regarding the surface-to-surface missile. Again it refers to four options from Aerospatiale it has been crossed out there to be provided. Basic option on option on offer. I think the word basic option is important for it being the most inexpensive option which would
5 have been important to the context of my complex theory.

As important we have talked about the up and down price. Clearly on 24 May this indicates the combat suite price of R2.964 billion and that proved my point that somehow R350 million odd had to be removed to get down to R2.599 in fact maybe I am actually sorry the offered price
10 I remember that we talked about was R2.634 that was the special offer, bargain basement price from the mother company.

So there was a not quite R350 million but there was a slightly more than R300 million price somehow was arrived at to get down to 2.6 and possibly the removal of the surface-to-surface missile ammunition was a
15 major contributor there. However again at this stage the price of the total corvette was R6.7 billion and yet we know that it was signed at R6.873.

There was still interesting things going on with prices at this stage despite what Chippy said is we do not interrogate the price of a
20 preferred suppliers best and final offer.

ADV SIBEKO: Your document 0483 our RMY78 which is at 1433. It makes reference to the combat suite total cost and it does so through various tables it shows.

DR YOUNG: Yes it took an oath to tell the whole truth. It was important
25 for me to keep this document for what it is worth. I am not quite sure

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what it means or exactly its relevance in time. It is a document that indicates the price of ammunition and the price of R180 million, R180.6 million as a foreign amount. There is a local amount as well.

From what I have seen is that, that R180.6 million seems to tie up
5 with that R180 million in the previous price diagram that we showed. Of course I am showing this because there is something else might be relevant that I cannot quite make head or tail of.

ADV SIBEKO: In your paragraph 380 you mentioned that an this is something that I think you have traversed earlier on in your evidence.
10 That the confidence of Thomson-CSF seems to have been increasing during the time of negotiations. What do you attribute to this?

DR YOUNG: Sorry I was listening to the statement and I think I may have heard the question. Could you just repeat your question again?

ADV SIBEKO: I say in paragraph 380 you I think note or observed the
15 increasing confidence of Thomson-CSF in securing the combat suite contract. I asked what leads you to be surprised by this increase in confidence of this company?

DR YOUNG: Well there is certainly two documents or a couple that we just alluded to the one where they recorded R2.6 billion price. We are
20 going to come to at least where the price was indicated as R2.3 so obviously there was a certain increase of confidence there. Then those figures at R2.3 been changed to either R2.6 or R2.7. So normally when ones expected price goes up that also has a concomitant increase of one's confidence of securing the thing at that price.

25 ADV SIBEKO: This increasing confidence that theme seems to be

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taken further. After you have just cast this price fluctuation and you mentioned at 382 that this increased confidence coupled with Thomson-CSF's illicit support base with high political level may have had an effect in how they dealt with the contract?

5 DR YOUNG: I can be pretty confident about making that statement because if it was true that there was ceiling a Cabinet approved price ceiling of R1.47 or adjusted upwards to R1.9 and they allowed it to [indistinct] the contract with R2.6 there must have been some kind of high level support for allowing, it is normal when Cabinets sets a ceiling
10 price for something then there have to be something very extraordinary to allow a R700 million price increase on the combat suite and a R873 million increase of the Corvette. Of course the R700 million on the combat suite is the absolute lion share of that total increase.

Then of course judging the position of that with the affordability
15 report. Now as far as I know part of the sensitivity of that affordability report in these proceedings as far as my understanding is that it was a document produced for the Cabinet and that is why it is... first of all why it is sensitive and secondly why I have not referred to it by means of reference.

20 The very fact that there was a figure of R2.6 billion in the affordability report must mean that there was something happening at that level to allow the price to increase to R2.6 especially without that last final referral of negotiating the price downwards from R3.2 downwards instead of R2.3 upwards.

25 CHAIRPERSON: I am sorry Advocate Sibeko. Can we try as far as we

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can to avoid repeating the evidence. Let us not do it twice or thrice because that does not help us much.

ADV SIBEKO: We will do so Chair. You have already dealt with the issue of the reduction of the expectations of the combat suite while there
5 was movement in price earlier in your evidence. Is that right as it appears at the end of 382?

DR YOUNG: Yes, that is correct.

ADV SIBEKO: In your paragraph 383 you then seek to deal with what the project manager reviews expressed by the project office. Project
10 office and project manager regarding this issue on 6 May 1999. Is this something that we have traversed as well?

DR YOUNG: Yes we have traversed it for what I have said but I specifically referred to the terms, reductions of the scope of supply in terms of quantity the performance which is quality. I have quoted that
15 particular point out of the document RMY78 and I do not think that I have traversed that before. I do not think that I need to but that is the documentary origin of that particular point I want to make about substantial reductions of the expected scope of supply and the concomitant price.

20 ADV SIBEKO: We have also dealt with the price the total price that was currently arrived at including risk and the provision of all other amounts with regard to the combat suite. Is there anything else that you wish to add?

DR YOUNG: Are we still going to paragraph 384 and its reference
25 document or?

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ADV SIBEKO: That is the paragraph it does appear that during your discussion of the evidence these are the issues that you traversed.

DR YOUNG: Yes this a document as you can see it has a predictive number a document that was produced to me by the Commission from
5 Armscor and I just want to refer to a few things in there which are relatively important to the points that I had made and will be made.

ADV SIBEKO: That would be your PDF document 1999/04/28 our RMY80 at page 1445?

DR YOUNG: That is correct. My PDF shows that I have three points to
10 make. If I may go through it. It is a 19 point document. So it will mean getting onto that page. You can then refer to the correct page in the evidence bundle.

ADV SIBEKO: Which paragraph in that document do you want to refer to?

15 DR YOUNG: I want to go down to the 7th page. It is at the top it is appendix A to the minutes of the Project Control Board Meeting. It basically I think it looks like a report of the project officer or the project team to the project control board. It has appendix A written right at the top.

20 ADV SIBEKO: It is our page 1451?

DR YOUNG: I think it is the middle of the page, the first point for emphasis in its context is as I mentioned before, here a documentary record of it. It starts with price discussions, negotiations commencing 1999 and the combat suite price of R3.9 now down to R2.6 and the next
25 point that I want to mention as it says:

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“Substantial reduction in price is now the result of ...”

And records some of the mechanisms used to get that price down.

The important one I would like to refer to one says:

*“Substantial reductions in scope supply performance by the central
5 combat capabilities and local issue maintained, then eg, reduce SSM
stock to minimum required with the important point here is
lease/purchase option.”*

Now that is an indicator just as that is some kind of mechanism
other than an outright purchase was at least considered. I do not know
10 because the evidence has been hiding from me. I have been building up
to this and this is more of a build up. At least one of the options of that
four that talked about was a lease/purchase option. I do not think that
this means lease or purchase option it is a lease option. That also ties
together with the ADS document which says removal of the ammunition.

15 ADV SIBEKO: Is there any other point that you need to address to in
this document regarding the combat suite?

DR YOUNG: Yes. It is marked page 8 about eight lines above the
stamp it says:

“Defence Intelligence Declassified.”

20 ADV SIBEKO: That is page 1452. There is something that deals with
increasing cost of ammunition.

DR YOUNG: Yes I talked about the very very substantial price increase
as I refer to it as increase. The reasons for these increase of the cost
obviously one cannot prove that amount, one reason the increasing cost
25 of the combat management system from rudimentary high risk local

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system to capable no risk Tavitac Based System. That was the R95 million I cannot believe that it can be that high risk because it was developed for the sky craft.

More interesting the next point down the price now of the combat suite increasing because of a more complex more expensive architecture due to the new CMS. Now of course that involves the IMS. So it just seems to be in [indistinct] or the reasoning about the IMS contributing to the increase now we have a CMS of R350 odd million. Not only contributing to the price in its own but also contributing to a more complex more expensive architecture and [indistinct] series. If I may say and more complex have to also mean higher risk.

ADV SIBEKO: That is all that you need to deal with on this document?

DR YOUNG: No not at all. The next point is now page 9. About the inexplicable jump of price from R2.3 to R2.6 as the project officer advises them. The Project Control Board there is a recordal of this. It starts at the top of page my page 9, it has an A/3 so it is obviously the third page in annexure A and the ninth page on this document.

ADV SIBEKO: That is 1453 for the record.

DR YOUNG: We will go the second bullet point there. It says here:

20 *“Combat suite price now approximately R2.3 billion and R2300 million.”*

Yet the program cost today. Ship platform R3700 million and combat suite R2300 million and adding on project management of R100 million means a total of R6100 million that is just R99 million more than the Cabinet approved Corvette price at R6.001. As the project officer says
25 and this is very very fundamental to my evidence at least. He says:

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“Final price negotiations commenced 3 May 1999, estimate can negotiate another 3 to 5% off the ship platform”

So that is bringing it down by R120 to R200 million.

*“On the combat suite can reduce combat suite an estimated another
5 R100 million after negotiations with GFC/ADS commencing 3 May 1999.
R60 million of current ADS prices, (7%) especially (as I have alluded
too before in their own view) especially inflated program management
and that is several hundreds of millions. Another cost saving of R40
million if the State provides management assistance.”*

10 Therefore what is important is that project officer reports,

*“Therefore I can report that the Corvette is within goal of Cabinet
approved R6001 million, R6.001 billion.”*

The point that I am trying to make is that it is inexplicable of how the
combat suite price here of R2.3 billion with possibility of being
15 negotiated downwards by at least another R100 million and even more
to get down to R6 billion, how can it suddenly jump to R2.6 billion
without any indications on the records that I have got, except that the
affordability report indicate an acceptable price of R2.6 which is broad.

Here is a very fundamental document of how the R2.6 was arrived at
20 and in my context, I know that it is circumstantial. I know that it does not
prove the point, well beyond a reasonable doubt but I have no onus on
me to prove anything beyond a reasonable doubt. What I can on a
simple written record I can prove that at this stage the price was much
lower, R300 million lower than the final price.

25 ADV SIBEKO: Now having dealt with that aspect you deal with another

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PCD meeting at chaired by Chippy Shaik dealing with exactly the same price relating to the R2.6 billion of the combat suite. This you deal with at paragraph 386 of your statement and PCD minute of 1999 of March 27 is at RMY81 page 1464. Is there anything that you would like to add
5 there?

DR YOUNG: I have two point. I believe we have traversed most of the points. There are just two that I think are relevant in what I have been saying here and that is documentary record now provided by the Commission to me and from ADS asked for the Commission subsequent
10 to my discovery on 5 March last year. The point that I want to make (let me click on my PDF here) I will go down to page 10/22.

ADV SIBEKO: That document talks about the surface-to-surface missile evaluation at page 1473?

DR YOUNG: Yes we have traversed this before and the context that I
15 have just been talking about this again reminds us of the cost of the surface-to-surface missile including 17 missiles at R396 million in the context of the lease/purchase option. In the context of the removal of ammunitions. It is relevant in that context.

The next point that I want to make, yes I have been referring to the
20 affordability report and that is traversed in the minutes itself which is my page 3.

ADV SIBEKO: That would be our page 1466. What paragraph are you referring too specifically?

DR YOUNG: Here it is the third last paragraph it is a paragraph
25 something A, best and final offer. In the middle of that paragraph and not

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to be accused of cherry picking records the project officer, Project Sitron it says:

“He believes the combat suite price could be reduced to less than R2.6 billion.”

5 It has gone down to R2.3 billion and that is definitely less than R2.6 the last sentence of that paragraph is an important one. It says:

“*The chairperson, (now this is Chippy Shaik) the person who has recuse himself from combat suite discussions records that the indication that the total price of R6.694 billion was set aside by the Department of*
10 *Finance. The affordability study documents presented to the Cabinet Sub Committee of the combat suite price at R2.6 billion was indicated in the affordability documents.*”

The fax says:

“*There seems to be no other evidence that I have that responsibly*
15 *support that position.*”

ADV SIBEKO: In your next paragraph you deal with the expectations that were held by Thomson-CSF regarding the final price of the combat suite and that makes reference to your DT0432 our RMY82 which starts at page 1486.

20 DR YOUNG: Yes, I have talked about this before but here is the documentary proof and I think that I have explained this that the French were also knowledgeable that the prices that were in that R2.3 billion that we have just traversed in the Project Control Board minutes in annexure A thereof. That it is a document from Alain Thetard and
25 facsimile ...[intervenes]..

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ADV SIBEKO: Can you just for purposes of the record identify what RMY82 is and how you explain this?

DR YOUNG: Again if we look, I am looking at a landscape version of it. Tabular format. On the left hand side of it there is a number there
5 7808481 which also means that it is either the series relating to the Schabir Shaik trial matter.

ADV SIBEKO: Let us deal with another relevant section having in mind the terms of the ruling yesterday.

DR YOUNG: Yes indeed. If I just go down to the fourth page there. I
10 have been given the top pages but the fourth page is the relevant page. Again it is another fax from Alain Thetard dated 17 May.

ADV SIBEKO: For the record, that is page 1489.

DR YOUNG: It is counterpart or is say colleagues in Thomson-CFS in Paris. Again of course it is a fairly sensitive document because it all
15 relates around money and income and profits and things that is why it is an encrypted fax. The first page refers to country, South Africa and its main program expected in the next 10 years. The very first program is referred to as a Naval Combat Systems Corvettes. It has got the dates of invitation in the middle of the [indistinct] how can we call that a
20 [indistinct] games chart. Anyway as I said the amount that was being recorded as income for the group and the Thomson units involved are NSC Naval Combat Systems and ADS at R2.3 billion.

Yet by this suddenly by the time this document had been seized at least it had been the 2.3 had been scratched out and replaced by R2.6.
25 I think that just shows the sudden and fairly unexpected windfall that

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was about to happen between R2.3 and R2.6 billion.

ADV SIBEKO: Then we refer to the same aspect and made certain observations about notes made by Pierre Moynot. That was the ADS negotiator of the combat suite. With that you referred us to your
5 DT0407 and our RMY83. Which starts at page 1491, before you start with your evidence with regard to this document please identify what it is and how you came to be in possession of it?

DR YOUNG: It is certainly recordal of the notes made by Pierre Moynot as you are correctly say. I am not a handwriting expert but I recognise
10 that it seems to be his handwriting. It might have come out of one of his diaries I cannot be absolutely sure.

It is dated 16 April 1999 which is precedes the best and final offer by three or four weeks. It has a number at the starting with 78 which also shows that it came out of the same serious of documents of the Schabir
15 Shaik trial. It is all written in French and an official shows that it came out of the trial it is officially translated from French into English as indicated by the signature and the stamp of the sworn translator the Supreme Court of South Africa. That was done for the court this was in that instance.

20 ADV SIBEKO: Specific to what it is that you want to refer to in this document?

DR YOUNG: I think possibly I could use the French version. There is an * under the name Barbara. It says:

*"Estimated 2.7 giga francs[?] (and something something) Kamerman
25 and underneath that is 2.350 giga francs,"*

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I do not suppose that I need to go to the English version here. Is yes the English version says:

*“Yes estimated 2.7 billion francs on the basis of acceptance option of Kamerman and with reference here to 2.350 francs. It says Kamerman
5 should give us the go-ahead on Monday or Tuesday.”*

That is at least in terms of the best and final offer. I think I am not going to analyse it. If one does have sight of the price of 35 mm guns the price of that it was not, I do not think it was more than R100 million but that does not explain the difference between R2.35 billion and the R2.7
10 billion.

So again I am making a point that it seems to me that they were expecting something in the region of R2.35 billion and suddenly information came their way in April that a price of R2.6 or R2.7 billion. If I say it is not an analysis. Those days a French franc and a rand was
15 almost the same thing. So when I have been refereeing to rands and it is to all intensive purposes similar to a French franc at the time.

ADV SIBEKO: What follows then is your discussion or the observation that you make having regard to all of these documents about the content which also relate to the context by officials of Thomson-CSF and some
20 officials of DoD. The disclose of the price that your company had quoted for the ISM, MMS. You make reference also to the evidence that you have referred to earlier on, the RFY67 relating to this disclosure.

At 395 you deal with this in a different context. Through the, I think it was the section 28 Inquiry was that was conducted with Mr HM Marais.
25 Do you recall that?

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DR YOUNG: Yes that is correct. We all be pleased to see that we jumped to my page 97 so where the evidence has been similar we skipped over a whole lot and we are making fairly good progress. To page 97 then.

5 ADV SIBEKO: Now that document in your PDF is 0079 and it is our RMY84. It starts at page 1494. Any specific passages that you need to deal with there?

DR YOUNG: Yes I do not have any bookmarks indicated here. So I have the document in front of me. I want to see if I have a [indistinct].
10 There are things that are certainly relevant to the entire procedures. I do not need to traverse any of them except for what I have recorded in my witness statement and that is ...[intervenes].

ADV SIBEKO: What appears in your statement it seems to be quoted from our page 1521 the original paginating of your document is 1551.
15 Please continue from there.

DR YOUNG: Yes that is correct. What he says and I need to cover evidence with evidence in this regard. Regarding the disclosure of the IMS price to Thomson in particular in this particular instance to Thomson Detexis.

20 There as Captain Marais said and he was a participant at that meeting on 3 and 4 June when the Thomson parties were invited to Cape Town and they had a kind of workgroup there and he says:

*"There is fourth reason which is why I was consulting my notes and so on, I suspected unethical business practises of being exercised by
25 ADS. By an advance making the prices they have received from C-*

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Squid I-Squid available to Thomson Detexis.

Prior to Thomson Detexis having their quotation for the BAFA, best and final offer. The reason why I am making that statement is that I have overheard discussions between a person Jean Marc Ferre from Thomson-CFS those individuals both employed Thomson [indistinct] took place on 3 June 1999 in Cape Town area. They also the conversation that was overheard I took further and during tea break confronted them with the statement that was made by Jean Marc Ferre that they are offering their Bus System at approximately 30% less than the C-Squid I-Squid Bus. That was made by that person.

That statement could not have been made by Detexis unless they had visibility, granted visibility to the C-Squid I-Squid Databus Proposal.”

ADV SIBEKO: Again in this respect you made reference to notes that were prepared by Pierre Moynot on 16 April 1999 regarding the pricing?

15 DR YOUNG: That is correct, I think we have traversed that sufficiently.

ADV SIBEKO: Turning now to your paragraph 397 what is set out in your statement is covered in the record or the transcript of the section 28 proceeding that you have just referred to right now regarding the visibility of C-Squid I-Squid's prices being made to Thomson.

20 DR YOUNG: That is correct, yes.

ADV SIBEKO: At 398 you deal with the de-selection of C-Squid I-Squid that is also something that you dealt with, correct?

DR YOUNG: No I have not dealt with that yet.

ADV SIBEKO: Would you like to deal with it now?

25 DR YOUNG: Yes as he says further under oath in the recording

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transcript. He gets asked a question, let me just put it in perspective. We can go not necessary to the transcript itself. Which is see I do not have a page, but what he says in an answer to question is:

“Accurate prospective at that stage higher authority applied pressures to
5 maximise or increase the French’s contents. It was not specifically the navigation distribution system. It was mainly because of the actual perceived pressures applied to maximise the French content in that or that to increase the French content of the combat suite.

ADV SIBEKO: You say this evidence by Mr Marais is in line with what
10 you heard as an instruction letter had been given to maximise the French content to this. Where did you hear that from?

DR YOUNG: To be honest I actually cannot quite remember exactly
who I heard it from. It is a long time ago it was of course something said
it was not something in a document so I cannot refer to that but it is well
15 known that the French were hoping to actually win at least one major contract specifically the main battle tank a part of the SDP’s.

That got removed from the SDP’s and they were extremely disappointed, I can say that from my own knowledge. There is plenty evidence of that even in the press. I think in fact in my discovered
20 documents there are various press stories about that. I have been advised by my all my legal advisors not to refer to the press documents as necessarily useful for evidence. However regarding that main battle tank issue that certainly is relevant and true.

What I got told at the time in fact surely from more than one source
25 is that there was some implication of the French by making effectively

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making all the non South African parts of it French or mainly Thomson-CSF that is what I heard. Also of course independently it looks like Captain Marias has stated under oath something very similar.

ADV SIBEKO: We have already dealt with the offers that were
5 submitted by ADS for the IMS and in relation to the combat suite which you refer to at your paragraph 403 of your statement, is that correct?

DR YOUNG: I need to address my paragraph 400.

ADV SIBEKO: What issue do you need to deal with?

DR YOUNG: Well you see, it is not related to the IMS that we have
10 been discussion. We traversed the issue of SMS before, think I probably do come to that but we certainly have addressed the SMS and the fact that ADS were allowed to decrease their price of the SMS the next day in a competitive situation. Why we had this document Captain Nic Marais evidence in front of us I wanted to bring the attention to
15 regarding the SMS pricing specifically C-Squid I-Squid's price SMS being given ADS and Captain Marais avers as follows and he says ...[intervenes].

ADV SIBEKO: What page of the document are you referring too for the record?

20 DR YOUNG: I am referring to item 400 of my witness statement.

ADV SIBEKO: Yes, I see that. That is the quotation that you picked from the transcript?

DR YOUNG: Yes that is in the transcript unfortunately I have not recorded that over there. If we need to I can find it with a highlights and
25 not a bookmark.

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ADV SIBEKO: I guess during the adjournment you could assist us with that. What does that say?

DR YOUNG: Captain Marais says:

5 *“It is the marketing department of every companies task to find out what your competitors are bidding.”*

In this particular case it was actually given to ADS because that was the communication channel. I do not know whether we are having another break but I can find it if I am given a couple of seconds.

ADV SIBEKO: Can you just try to find it?

10 DR YOUNG: Sure.

CHAIRMAN: We will get to that. Can I perhaps suggest that we take a 20 minute tea adjournment to give the witness an opportunity of trying to get to the document that he is trying to get?

ADV SIBEKO: I am indebted to the Chair.

15 **COMMISSION ADJOURNS**

COMMISSION RESUMES

DR YOUNG: That is correct.

20 ADV SIBEKO: Now, DTI 0381, which is our RMY 86, which appears at our page 1551 for the record is a document you referred to, as support, in that contention.

DR YOUNG: Yes. I am looking at it now, I thought I it was going to finish off the rest of Section 28 into there. But, if we look at paragraph 403 and ADS’s offers, I think that we have in my view sufficiently ventilated this point. So, this would be a place, that where we could
25 save some, some time.

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ADV SIBEKO: We, we have also, traversed the issue of the ADS price, having been found to be too high and it being requested to submit a reduced offer. This is what you deal with at 405?

DR YOUNG: That is correct, yes.

5 ADV SIBEKO: And that issue has been traversed, as well. Or do you need to state anything further with regard to DT 1-1052, which is our RMY 81, at page 1553, having regard at the back of your mind to the terms of the [indistinct] yesterday?

DR YOUNG: No. I do not think that we need to traverse this now.
10 But, because, we, in any case come to my response to some of Fritz Nortjè evidence, where, where I address this again. So, I do not think we need to, to work through this now.

ADV SIBEKO: Anything, is there anything that you wish to deal with in your paragraph 406, about the instruction given, given to GFC to get
15 further competitive quotation from ADS and C Square I Square System?

DR YOUNG: No. From my memory and my brain is not going to saturate. I think that we have traversed most of this already. So, we do not need to repeat it. But, of course, it is on the record anyway. So, it is not that I am just abandoning this. It is as relevant in here, as it is
20 elsewhere, in my written statement.

ADV SIBEKO: And you have already addressed what appears on paragraph 407, with regard to ADS, being allowed to reduce its price. Just on the next page, after it has committed its quote.

DR YOUNG: Yes. I see, we, I am referring here to my RMY 89. May
25 I ask whether we have, we have actually looked at this particular

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document before, or not?

ADV SIBEKO: We have not. Perhaps this would be the convenient time to deal with it.

DR YOUNG: Yes. This it just happens to be here. So, I would not
5 like to, to skip over it. But, we do not need to spend much time with it at all. It just happens to be here. So, if we may open that document.

ADV SIBEKO: Yes. It is RMY 89. It is at page 1597 of the bundle of documents. You can just deal with the document, without dealing with the contents thereof, thanks.

10 DR YOUNG: Yes. All I really want to refer to, at this stage, is the very, very top of the document. It is a document, written by ADS.

ADV SIBEKO: It is at page 1597, of file five. It is a document on the letterhead of ADS, if the Commissioners can indicate that they have found the document. Yes. You may proceed, Dr Young.

15 DR YOUNG: What I really wanted to point out, as I have said it before that I need to prove my, my points. You can see it is a, a fax from ADS. It has got a fax recordal at the top. It says from ADS. It is fax number, I cannot quite make that out. Anyway, the important part is it indicates the dates as the 16th of April 1999, a time of 16:03. Now, what is
20 important there, is that was a day after the competitive quotes closed, on the 15th at I think, five o'clock Johannesburg time.

ADV SIBEKO: Yes. That, that is dealt with, in your paragraph 408 and RMY 90 is the further document you refer to. It is the 0398 document, which appears at our page 1603. What is that document, for
25 identification?

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DR YOUNG: Yes. That is a document, issued by the, Blohm and Voss. It is a telefax, dated the 13th of April 1999. This was just to go, as to prove what I have just said now, that the competitive quotes had to be submitted by not later than Thursday, 15th of April 1999, 17h00 to our
5 Johannesburg, as well as our Hamburg office, duly address as stated above. Yet, ADS was allowed to change their price, a day later. That is the point I wanted to make, in terms of these two documents.

ADV SIBEKO: In your discussion, in the statement, at paragraphs 409 to 411, you continue expanding on the discussion, regarding the change
10 of price. Is there anything else you need to add, other than what you have said, to, to respond?

DR YOUNG: Probably, keep, to keep it short, I have mentioned the 12.05 per cent margin that was allowed, to be added onto our price. Basically, in respect of ADS's, okay, so it is a margin and not a mark up.
15 But, certainly, the point I wanted to make is, in what I believe to be fair, competitive bidding situation, that if there are such mark ups that are going to be added, is that the, the competing bidders are forewarned about that. Certainly, as, as an analogy, today we have bidding involving Armscor and there are points, or specifically, some kind of
20 adjustment for, they are called PDI's, previously disadvantages, but at least you know, which is fair and that you know about an advance. In our case, we were not advised about it. So, I think, that the evidence of Captain Kamerman, Admiral Kamerman now, is that that was completely fair, because that is what the price that the State would have to bear.
25 But, that in my, in my view, and if, to make it fair, even if it was there,

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then we would have to be advised in advance. Because who is to know, or why should we not know, that that is an advance. So, if we want to reduce our margin from my, our own profit, from 14 per cent to two per cent, because this was a must win, we could do so. But, if you do not
5 know the advance, how can you bid competitive? So, I think that that, in my own view, that is a graphic indication that this was not a fair process. Whether to go as far to say it was an unlawful process, I do not know, but it certain was not fair.

ADV SIBEKO: And then, you proceed to deal with a report, which you
10 say, you believe was prepared by Fritz Nortjè of Armscor regarding the ADS product, being of a lower risk than the C Square, CCII of getting the task completed. What report is that, which you are referring to, at page 4 [indistinct]?

DR YOUNG: Yes. We, we have actually just gone past it. I now have
15 to go backwards to find it again. So, if I may, bear with me for a second. Yes. I refer to that, well that document was referred to as, at my paragraph 405, my annexure RMY 87.

ADV SIBEKO: And that is where you lift that quotation.

DR YOUNG: That is correct, yes.

20 ADV SIBEKO: Is there a paragraph number, to which you specifically refer to?

DR YOUNG: Sorry, I did not quite get the meaning of that?

ADV SIBEKO: So, is there a paragraph number that you can refer to specifically?

25 DR YOUNG: Yes. On my page 2 of 2, the last point numbered point

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for the navigation distribution system, which I think is fairly close to the top of the page, there is a point six there, under the IMS section.

ADV SIBEKO: What page is it? What page are you saying? Your ...[intervene]

5 DR YOUNG: It is the second page, two of two, there are only two pages in that [indistinct] report.

ADV SIBEKO: You say, which document are you referring to?

DR YOUNG: I am referring to, now, I think I said it correctly. Yes. I just clicked on it again and it is RMY 87, what, what, it is the, my, my
10 DTI 1052. You might have a problem.

ADV SIBEKO: That would be starting from our page 1553. You say, you are referring to paragraph 6.

DR YOUNG: paragraph 6 on the second page, starting off with ADS proved.

15 ADV SIBEKO: Yes. That is page 1554. We still get to this from paragraph 6 that you lifted that you lifted. That is the quotation that you are referring to.

DR YOUNG: Yes, indeed. Now, of course, the whole issue of risk is that is has been such an important subject of my evidence. Here they
20 talk about risk. So, the, the point that this report makes is that ADS proved to be a lower risk than CCII, of getting the task completed, as outlined in the points above. Now, this, this a report on the IMS, sorry, not the IMS, SMS and NDS. As far as I know, it is written by somebody in Armscor to Siphon Tomoro, who was by then, either the general
25 manager of acquisition or the, we even see [indistinct] by then. The

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point that I really want to make was first of all, it talks about, ADS proved to be the lower risk, as outlined in the above points. Now, I do not want to go through all of the points, unless I am asked to. But, I do not see, if any proof in the above points that could have been agreed
5 from the competitive quotation process. If there are any relevant points, there must have been things that were known before. So, the point I want to make is that it is untrue that ADS proved to be a lower risk. And if, and, and again, following on from that, in, the clear inference is, if they had known that ADS was a lower risk, why did they ask C Square I
10 Square to quote. So, my point is, which I will come to, I think, a little bit later and in fact, there are many reference to, I think, in both Fritz Nortjè's evidence, where he talks about butting heads with ADS on price. In fact, Admiral Kamerman's evidence to this Commission, where they talk about, where he, sorry, he talks about, yes, we put out these
15 competitive bids, in respect of the IMS, to call their bluff. Now, if I may say so, asking us, to compete competitively with ADS, merely, merely to bring their cost down, without the bona fide intention of getting us the, the contract, that is certainly, an unfair business practice that one just, just does not do, as far, as far as I am concerned. In fact, this
20 discussion continues at your paragraphs 4, 414 up to 416. Is that right? It is a discussion, in response to the quotation on that, you have been dealing with.

DR YOUNG: Where are we starting, at 414?

ADV SIBEKO: Yes. You, you mentioned in your paragraph 413 that a
25 number of the above points, to which reference is made, containing

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anything new that was not known that you have already dealt with. Then, you continue to say the report continues in certain respects, of the MDS and I understood you to be dealing with those points that are set out here, in your evidence.

- 5 DR YOUNG: Yes. Thank you for bringing that to my attention. As I have indicated before, the first part of that report is in respect of the SMS and then it goes on to address the MDS. Now, a particular point that I have quoted here, under 414, it says that:

10 *“CCII had already progressed a large way under Project SUVECS, in establishing the basic hardware and techniques for such data distribution.”*

- Okay. That actually is untrue. We had not received any work or contract, whatsoever, under Project Suvecs, in respect of the MDS. Whatever work that we had done, doing, in terms of hardware and techniques for such data distribution, well, maybe [indistinct] might have been involved with the IMS. But, the IMS is a local area network and it has got nothing, nothing in similar to the ADS. So, here is, you know, report being put in, in a kind of review mode, of what happened, what went down, in first of all the combat suite in general and secondly, these competitive quotations. Here is a very incorrect statement being made. By the, the author of this report to Armscor management, which is just complete nonsense. We did receive a project for the MDS, in the year 2000. But, here we are talking about 1999. So, that is an incorrect statement. But, why it is important is because, again, it relates to risk. We could only have really reduced that risk, technically, at least, by
- 25

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doing the work under SUVECS. But, we have not done the work. So, the next, it feeds into the next point and the point I am going to make, under, I did make under the SMS. It says here, conclusion, is the risk of CCII, not being able to complete the task that deemed to be acceptable.

5 Nothing, unfortunately, in terms of logic, it just cannot be true. It cannot be valid. We cannot discourage it. If, if we take it by, at least differential logic, if the risk of CCII was such that it was able to tackle the MDS, then it was certainly able to tackle the CMS. So, its further point, by inferential logic that the previous point I made, under the SMS risk, is
10 actually non-sensical.

ADV SIBEKO: Just for purposes of the record, the quotations that appear at paragraph 414 of your statement are lifted at paragraphs 3 and 6 of that annexure, at page 1554. Do you confirm that?

DR YOUNG: I confirm that, yes.

15 ADV SIBEKO: Now, that concludes the theme of the price fluctuation and further observations, regarding price that you were talking about. It now brings us to what you referred to, as a theme, relating to Thomson CSF and its international conduct of bribery.

DR YOUNG: I think, I would like to say ...[intervene]

20 CHAIRPERSON: [Indistinct] Advocate Sibeko, with greatest of respect. I am not quite sure how this part of the evidence is going to help us.

ADV SIBEKO: That, that is the question I was going to put to the witness.

25 CHAIRPERSON: Ja. I think, let us skip all those paragraphs and deal

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with the other issues. Whatever happened in Hungary or in those other places, have got nothing to do with our mandates. It has got absolutely nothing to do with our mandate.

Let us not waste time. Let us skip those paragraphs and deal with the paragraphs, which might help us to carry out our mandate. I think, probably, you must skip all those paragraphs. They are here. We have seen them and let him deal with paragraph 428.

ADV SIBEKO: Do you have paragraph 428 of your statement before you?

10 DR YOUNG: Yes. I do.

ADV SIBEKO: Would you like to deal with the issues that you have raised in that paragraph?

DR YOUNG: Yes. As I said, the issue, 428 here, referred to a later section of these submissions for more detail. There are certainly to traverse those, elicit involvements in a little bit more detail. Although I can say that I think, and certainly with regard to Chippy Shaik's elicit involvements that we have traversed that, under the conflict of interest point. So, certainly, when I get to that, in the later section, I will try to, not to repeat. But, the, as far as Thabo Mbeki's involvements with Thomson CSF, is something I deal with in a little more detail, further on.

ADV SIBEKO: And then, 429.

DR YOUNG: Yes. Just to say that as we have been talking about the, the German investigations, which actually were initiated by themselves and they yielded, not only the reports, but the documents in the bribery agreements and the Teutonic memorandum and whatever else. There

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was also a, an investigation done in France, okay, in this particular case, initiated by let us say, part of the joint investigation, but specifically by the, the DSO, under their Chief Investigator Gerda Ferreira, who I know, had something to do with, with these
5 Commissions, with this Commission, I mean. But, be that as it may, I have just referred to that, in, in, okay, maybe in some detail in that paragraph 429, which I do not necessarily need to, to traverse in great detail. But, it is relevant to point out that like, for example, the document I used, as the, the presentation in French, disclosing the, first of all, all
10 the mark ups on the combat suite and the IMS price. Those were documents that were obtained from the French investigation, until, I believe that was under very questionable circumstances. I, I also, also stopped. So, that is my, my point, there, regarding the, the French investigation, under 429.

15 ADV SIBEKO: And in respect of these investigations, you are talking about, conducted by the French in 429. What is the relevance of what you set out in paragraph 430, regarding [indistinct] in this section?

DR YOUNG: Well, I know that yielded a lot of relevant documents. Of course, a few of which, I might have. But, it certainly would be relevant,
20 if not interesting, for the Commission to know of the existence of documents that yielded, out of that joint investigation, with the French. In respect of the, the Corvette combat suite part of the SDP's.

ADV SIBEKO: Alright. Having dealt with these remarks, you proceed to deal with the special PCB meeting of 19 August 1999.

25 DR YOUNG: No. Not quite. I just said that traversed paragraph 429.

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Then I still want to get to 430.

ADV SIBEKO: Okay. It is not something that I am going to deal with, at great length, but it is something that I have traversed with the Commission in my preparation. I need to point out that many of the
5 points that, that I talk about above, with the involvement of previous the Minister of Justice Penuell Maduna and Advocate Bulelani Ngcuka, et cetera, and Jean-Paul Perrier. A huge amount of information and material, relevant to that is very recently, being traversed in the evidence, under oath of Ajay Sooklal, who was, represented Thomson
10 for the relevant period, in a very legal matter. I know that it has been traversed, at least, in the newspaper. Although, anyway, so it is suffice to say that what is traversed in those documents are of extreme interest involved, if, if for any party, or any organisation that is interest in bribery and corruption, involving the Corvette combat suite.

15 ADV SIBEKO: You did not, yourself, participate in this process.

CHAIRPERSON: I am sorry, just for interest there, Dr Young, have you seen these papers? Or have you just read the newspaper? Have you seen the actual papers, dealing with this matter? Or have you seen only the, the newspaper articles?

20 DR YOUNG: No. I have, I have read every single document, arising out of this legal matter.

CHAIRPERSON: Even the documents that are being at the, the arbitration. These are the documents that you are referring to, that you have read them.

25 DR YOUNG: Yes. I have, I was actually given, I have to be, I would

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have to be frank and what. I was given all of those, transcripts of that arbitration, by the Sunday Times, who wrote, who wrote the article, with a view of, you know, they, they got those documents and they wanted to write a story quite quickly, I think. This certainly, it was certainly within a
5 week or two and they wanted some, if I may say, in inverted commas, expert view on what that meant. So, I am, I have read every single line, out of those several hundred pages.

CHAIRPERSON: How many hundred of pages?

DR YOUNG: I think it is several hundred pages. They might be, even
10 getting close towards 1 000 pages. I, I certainly have advised the, the Commission, in my preparation, of the existence of that, that material. Because I think, that, okay, although it is arbitration proceedings and that is why I do not even, refer to them in any detail. Certainly, if, well, there are two aspects, I think, no, I supposed I will be accused of
15 making a, a legal conclusion here. Yes. But, but I think, having read the transcripts of these proceedings, Advocate Geoff Budlender quoted from the [indistinct] law is that once documents escape, or even stolen from their so-called owners, then client attorney privilege gets, gets lost or waived. That it, that is just what I read from the transcripts of these
20 proceedings. But, of course, there is another way of getting those documents and you know, just getting the parties, the relevant parties to agree, to, to divulge in it to the Commission, which is an investigative body.

CHAIRPERSON: Thank you. Thank you. Advocate Sibeko?

25 ADV SIBEKO: Thank you. Thank you, Chair. I, you, you stopped me,

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when I, I was trying to direct your attention to the discussion. You start, as from page, paragraph 431, regarding the proceedings of the special PCB meeting of 19 August 1999.

DR YOUNG: That is correct, yes.

5 ADV SIBEKO: Anything of interest, you ...[intervene]

DR YOUNG: Yes. It is indeed of specific interest, because it is at this so-called special PCB that the issue of the IMS and, and the risk were supposedly addressed. But, the evidence shows a number of relevant aspects of this. First of all, as I have said, here in my paragraph 431 is
10 that it is alleged, by certain officials [indistinct] that such a meeting took place the whole categorisation of b and c. Of course, it is particularly important to the, the selection or deselection, as the way one sees it, following such a process. But, very clearly and I think I will prove that what I say in oral evidence, as well as the documents, which I will
15 provide here is that no such valid, or lawful decision could have been made, at whatever this thing was, that took place, allegedly on the 19th. Now, quite a lot of material that I have used here is ventilated sufficiently in the JIT final report. So, we, we can accept that, what the JIT report says, or I can work through this in a little bit more detail. I will wait for
20 direction from, from the Commissioners, as well as my evidence leader.

ADV SIBEKO: Now, you, you illustrate the, the point you make here, by reference to the transcript of the, the Section 28 transcript of Mr K Hanafey, dealing with these issues. That is at our RMY 93 at page 1, it starts at page 1739. Do you see that?

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

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ADV SIBEKO: Now, there, you start making reference to the interview that was held, with Mr K Hanafey and you quote from, I think, certain pages of that document. Would you refer specifically to what page you are quoting?

5 DR YOUNG: Yes. I, the page in front of me, which I have marked here and booked marked is page 1250.

ADV SIBEKO: And that, for purposes of the record, will be our page 1742. What line are you quoting here?

DR YOUNG: The relevant part. Sorry, the relevant part seems to start
10 right, start right at the top of the page, where they talk about this, pertaining to the meeting. But, it is unfortunately very, very skew and I have blocked it here. So, certainly, the relevant stuff that I am referring to starts just a couple of lines down, possibly at line, line four, or so.

ADV SIBEKO: And the interview is as quoted in your statement.

15 DR YOUNG: Yes, I did, yes, I did this fairly recently and I, hopefully, my own personal transcription of this was better than, than one of my previous ones.

ADV SIBEKO: Now, to, to bring the context of this meeting, you, you start dealing with the meeting at paragraph 433 of your statement.
20 Perhaps, just to give context to the quotation that you come to, you have actually, if you could just take us quickly through what you set out, as on paragraph 433 to provide context?

DR YOUNG: Yes. Okay. This is actually in a, a conclusion of the JIT, is that, you know, that this type of a meeting that took place, or it did
25 take place. There serious doubt exists about whether the copy

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constituted. Okay. I can say from, but look, certainly, there is a copy of a presentation that seems to be, have done on this date, on the 19th of August and it is appended as in, as an appendix to the next PCB meeting of the 24th. So, I think that is reasonable for me to say that
5 assumption. Let us call it an engagement, did take place. But, I think it is fairly clear from what I traverse, coming up that it was not a, it what, was not a valid process that was followed and importantly, by which the IMS was, was effectively de-selected. Because it was really, this, this is the important so-called meeting, as part of the process, which ended in
10 that result.

ADV SIBEKO: Now, at, at paragraph 434, you have made reference towards Admiral Kamerman, who testified to, with regard to the special PCB meeting.

DR YOUNG: Yes. He testified, I am just trying to see, when it was
15 testified, yes, I think, this is, this is about the JIT investigation and there were two instances, where he testified. One was in a Section 28 interview and the one was before the, the Public Protector public hearings. But, be that as it may, he testified and this, this is also according to the JIT final report that a special PCB and here special,
20 without a capital S, took place, was held on the 19th of August, to discuss the risk issue, although no record of such a meeting exists. He and Fritz Nortjè made a presentation and the same presentation was done, five days later, at the PCB meeting of the 24th of August, although he, Admiral, Captain Kamerman was not present at that. He testified
25 that not all members attended. I am talking about the meeting of the,

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the 19th. But, there was certainly a quorum, in terms of the PCB constitution. The meeting was requested by Swann and was attended by Swann and Shaik, the Chief of Navy, Howe, Van Der Schyff and Hanafey. That was important, in respect of the Hanafey, the Hanafey
5 evidence. He is not sure, whether Tomo intended, attended. That is one of the reasons why, I wanted to traverse the Hanafey evidence.

ADV SIBEKO: You mentioned something, further at 435 of your statement, with regard to Van Der Schyff's attendance. Can you ...[intervene]

10 DR YOUNG: Yes. As I have just said, Captain Kamerman testified that Van Der Schyff attended. But, as the JIT report says that he could not remember it. As he says, I think, in his, it is actually, I do not think it is Section 28 interview, but there are some notes of discussions with him that he could not recall the meeting. The, this is all traversed in the
15 JIT report. I think as far as the next point of 436, Admiral, Captain then, Kamerman testifies that Shaik attended. This is important, because if there was such a meeting that was formalised, it would have to have a quorum. It would almost have to include the chief of acquisitions. Although, of course, the whole contract, conflict of interest issue there,
20 becomes, comes into play. But, I think in Shaik's evidence he also states that he could not recall that he was there.

ADV SIBEKO: You make reference, at 437 that Kamerman and Nortjè made their presentations at this meeting.

DR YOUNG: That is correct, yes, according to the JIT report, and,
25 and to their own, and with respect, to their own evidence.

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ADV SIBEKO: At 438, you make reference to Mr Fritz Nortjè, giving evidence also, [indistinct] to the special PCB meeting that was brought by Shaik and Swann.

DR YOUNG: Yes. Importantly, the proceedings were not, as he testified himself, the proceedings were not minuted. Certainly, even if the PCB had been a legitimate decision making body, which, I think, it is common cause that it was not, it was not minuted. That in itself, in my view and not only in my view, Mr Hanafey's view as well, that in itself would make the proceedings irregular. Carrying on, Mr Nortjè says that it was also chaired jointly by Shaik and Swann and as far as he can recall as well, was also attended by Mr Hanafey and Van Der Schyff and the Chief of the Navy, who only stayed for a short period of time. If it is true that Shaik, it may be true, of course, as I have said, a conflict of interest in, would be interesting, because it, much, much of the, the discussions there, went around the IMS, but not only the IMS, but the combat suite. In fact, I think, everything related to the combat suite. Because it related to the b and c parts of the, of the project and that was only in respect of the combat suite. So, if Shaik was there, I think that would be another, another reason why the, the PCB meeting would be irregular. Nevertheless, be that as it may, I then, I think, can come to my point 439, as, as Kevin Hanafey of Armscor testifies.

ADV SIBEKO: Yes. The quotation, you say, you have lifted from the Section 28 transcript at page, our page 1742 and the attached page of 50. Would you take us through those specific lines?

DR YOUNG: Okay. Yes. I have just gone to the first page. I have got

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a bookmark. So, hopefully I can get back there, with one click. But, I think, it is relevant that I have used the term interviewer. People seem to want to know the identities of these people and that was Mr JA, that is Jan, Swanepoel. By that stage, he was working for Price, Waterhouse, Coopers on behalf of the Auditor General. It is, I think, it is relevant to say that Mr Hanafey was representative by Mr Elias Peyaga, the legal representative of Armscor.

ADV SIBEKO: Alright. If you could take us to the relevant passages, having regard to the terms of the [indistinct].

10 DR YOUNG: Okay. If I may, I am going to read from my, from my witness statement, rather than from the document, because it is partly that it was directed, or partly, this document is a bit of a mess, in terms of its [indistinct] of the photocopy. But, I am, if anybody [indistinct] with my, my quotations are incorrect, I would be quite happy to revert back to the document. Okay. As I said Mr Jan Swanepoel, the interviewer says:

“Did you attend the previous meeting, where this issue, of the PCB, where this whole issue was discussed?”

And Hanafey replies:

20 *“I cannot remember specifically. But, I generally attended most of the meetings.”*

So, the interviewer says:

“And that was, they tell us, a special PCB meeting and no minutes were kept.”

And Hanafey replies:

25 *“That is highly irregular, because that should not be allowed.”*

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Mr Swanepoel says, or questions:

“That is contrary to the constitution?”

Hanafey replies:

“Totally.”

5 Swanepoel asks:

“Now, we are told that there is an indication, there was in fact, a meeting on 19th of August.”

Hanafey replies:

*“I would like to know who attended that meeting, because I cannot
10 remember this meeting or, or attending this meeting.”*

Sorry. The interviewer says:

*“Ja. We were told it was attended by Kamerman, Nortjè, Chippy
Shaik (it is spelt incorrectly) Swann and one or two others.”*

And Kevin Hanafey acknowledges by saying, okay. The interviewer,

15 Swanepoel says:

“But, it was not the whole board.”

And Hanafey says:

“No. It definitely was not. That is not a regular meeting then.”

The interviewer says:

20 *“Ja. That is my impression as well.”*

Hanafey says and I think, maybe I am coming to the crux of it:

*“The point being, you must remember, if you have read the
constitution of the PCB, the PCB is firstly not a decision making body
and to my knowledge and Peyaga, I am looking at you here, is that in
25 terms of Armscor procedure, the PCB does not take over Armscor’s role*

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to make decisions. In other words, our normal process that we follow should be activated, to make sure any decisions are ratified or verified, in terms of the Armscor process and procedure. As far as I am concerned, this, this meeting should have no status, in terms of that.”

5 ADV SIBEKO: So, Mr Hanafey, who is supposed to have attended this meeting, according to what you have set out, in the previous paragraphs of your statement, disallows having attended that meeting. Is that correct?

DR YOUNG: That is correct to me. Well, I think, I think there are two
10 things. He disallows it and, as his position is in a proper position to make a pronouncement from the Armscor perspective of the irregularity, of even making a decision at a project board and even more so, at a special one, un-minuted.

ADV SIBEKO: Alright. Is there anything else you wish to add, with
15 regard to the special PCB meeting of 19 August?

DR YOUNG: No. There is only, except the once off thing, is when I have been preparing my own evidence in the last couple of days, I have made a note for myself here, which is regarding Shaik's evidence, which I alluded to in the beginning. We do not need to traverse that here. But,
20 what I want to state for the record is what I have [indistinct] Shaik about, whether he was or was not there, is ventilated in his own, I think, it is Section 28 interview, as well. So, if that comes up and I get asked, I, I have got some documentary indication, of what happened there. It is also a discovered document. It is not in our witness bundle, but it is DT
25 1-0861.pdf.

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ADV SIBEKO: Can you give that reference again?

DR YOUNG: Yes. It is DT 1-0861.pdf.

ADV SIBEKO: Thank you. Perhaps just one housekeeping matter. I, I wish to bring to the attention of the Commissioners that a quotation that
5 appears in paragraph 439 of the witness statement commences at page 1741 of the bundle, as from the line 23 and it ends at page 1743, at line 6. It, it will be apparent, if one has regard to what is quoted in the statement that those are excerpts of the pages that I have referred to. Now, Dr Young, having then dealt with the special PCB meeting of 19
10 August, you intend to deal with the removal of Byrall Smith as Corvette programme manager.

DR YOUNG: That is, that is correct, yes.

ADV SIBEKO: Now, in so far as this relates to your evidence, what is its relevance to the terms of the Commission, how and why Mr Byrall
15 Smith was removed?

DR YOUNG: In my view, it is relevant, because I am pretty sure, or at least, I hope that my evidence is going to show, indicate, hopefully even go somewhere to prove that certain things went wrong here. One of the reasons it went wrong is that probably, the most experienced Armscor
20 programme manager [indistinct] the Naval systems, was actually removed, as the programme manager of Project Sitron. Although he was the programme manager of Project Sitron in phase one, in phase two, round two, he was still involved in the project, but demoted to the lowly position of technology transfer manager. Despite him, being
25 programme manager for many other relevant Naval programmes. There

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is also inference of it, in the pre-cursory meeting of a, the special Control Board meeting, which I believe is a cogent indicator of why he was removed.

ADV SIBEKO: Now, in that regard, you, you referred to a PCB meeting
5 1998/09/29. This is a document that has been dealt with previously. That is RMY 11 and it is in file one. It starts at page 136. Do you have the document?

DR YOUNG: Wait, I have it in front of me.

COMMISSIONER MUSI: What is the reference?

10 ADV SIBEKO: RMY 11, it is in file one. It starts at page 136.

COMMISSIONER MUSI: Thank you.

ADV SIBEKO: And you will see, at page one of that document or the first page of that document deals with the aim of what I believe is the meeting. At paragraph 2 it says:

15 *“The aim of the meeting is to obtain direction and guidelines top management, with regard to the future running and managing of Project Sitron and Wills.”*

The combat suite had to do with Project Sitron. Is that correct?

DR YOUNG: That is correct, yes.

20 ADV SIBEKO: That the entire Corvette programme had to do with Project Sitron. Now again, having regard to the terms of the ruling, is there a specific paragraph, you seek to address in this document?

DR YOUNG: Yes. It is just the one there, that I have hopefully quoted correctly in my witness statement and this is a pre-cursor to your, your
25 let us say, still on the quote. But, it is on page 4 of those, I am just

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getting, actually getting the right place.

ADV SIBEKO: Chair, it is paragraph 22, I believe, which is at page 139 of our document.

DR YOUNG: That is correct. Paragraph 22 says:

5 *“Any member of the appointed team, who cannot work for the best interest of the client and National interest, will be removed from the project teams, by mutual agreement of the members of the PCB.”*

ADV SIBEKO: How does that fit into the theory that would help?

DR YOUNG: As I have said in my, paragraph 447, I believe this is
10 precisely what happened to Byrall Smith. He was the most important and influential member of the Armscor component of the appointed team, which became the Corvette Joint Project Team, or the Corvette Integrated Project Team, whichever [indistinct] wants to use at the relevant time.

15 ADV SIBEKO: You say at paragraph 448 of your statement that Byrall Smith, at the time, reported to his superior Kevin Hanafey, the senior manager of the maritime division, who had something to say in his Section 28 interview. Is that correct?

DR YOUNG: That is correct. It is the same, the same interview that
20 we have just been traversing, with respect of the, the so-called PCB meeting of the 19th of August.

ADV SIBEKO: At what page is the quotation you have set out in this paragraph, lifted from?

DR YOUNG: It is page 1255.

25 ADV SIBEKO: And that would be our page 1747. It starts,

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Commissioners, at line 5. You may proceed.

DR YOUNG: Yes. In this particular instance, I think I would just to prefer for the more completeness to, to read from the Section 28 interview, line 2 that I have left out of my witness statement. But, if I
5 start at line 30 of page 1254 it says:

“As far as Byrall Smith is concerned (that is the interviewer) I think he told us that he was the programme manager or something. At some stage, he was taken off, put back as programme manager and taken off again.”

10 Are we all in the right place?

ADV SIBEKO: So, that quotation that you have started with starts at line 30 of page 1746 of our pages. It is the paginated transcript, page 1245. Yes. You can proceed.

DR YOUNG: Yes. That is correct. Anyway, Kevin Hanafey’s
15 response is:

“Correct, ja. But, this is over a long period of time and the previous, and projects, which led up to Project Sitron, ja.”

Carrying on, the interviewer says:

“Was there any reason for his removal as programme manager?”

20 Kevin Hanafey’s response is:

“Ja. He was removed from Project Sitron as a project, as the programme manager, due to a request from the Navy. There was a lot of conflict between him and Kamerman and the Navy came and requested that we remove him, for a number of reasons.”

25 Carrying on:

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“Firstly, the conflict was there. Secondly, the fact that Byrall was located in Simon’s Town, living in Cape Town and Kamerman was in Pretoria, which led to a lot of breakdown in communication, between the two project members.”

5 Okay. I am, I am reading this, because I can see the relevance of not being accused of cherry picking. So, I am traversing all of this. I am not trying to waste the Commission’s time. Carrying on. The interviewer asked him:

“Do you know what the nature of conflict of interest, conflict between
10 *him and Kamerman was?”*

The answer is:

“Process, procedure, involvement, personality, I think, that is essentially what it was.”

ADV SIBEKO: Having dealt with the transcript, you then come to your,
15 you state what happened, subsequent to his removal from the project team, at paragraph 449.

DR YOUNG: Yes. He was replaced by Fritz Nortjè, who had been the acting manager for the Corvette, the Corvette combat suite component. As I have said here, Nortjè is actually an electronics engineer by
20 background, which makes him a very good, encumbered for the position in the combat suite. Because it is, most of it is critical elements that need electronics by nature, but not as good a candidate for the Corvette itself, as a mechanical engineer and Naval architect, like Byrall Smith is, because the vessel itself is predominantly a mechanical system. So, it,
25 it, know you, the change, it seems illogical, at least, from, from a

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technical perspective.

ADV SIBEKO: Now, anything else you need to add, with regard to the removal of Byrall Smith?

DR YOUNG: Yes. If I just may note, within the greater scheme of
5 things, as relevant is my, under paragraph 450, is, I also find it
noteworthy that, at that stage, Nortjè was working for Armscor on a
contract basis, actually having been retrenched from Armscor in, around
1995. I do not think that he traversed that fact, in his evidence before
this Commission. I think that that is relevant, because he certainly
10 addressed his CV, in working for Armscor in before and after, but not
the fact that he was actually retrenched. But, my understanding is that,
with his appointment of programme manager for the whole of Project
Sitron, he regained his position, as a permanent employee of Armscor.
There is one other point, I want, there is one other point that I wanted to
15 make, if, if it gets asked, while it is a relevant thing, because Byrall
Smith lived in Cape Town and the project officer lived in Pretoria and
that caused a problem. Then I would say that well, the, with the two,
okay, not the two, the one, new Navy project, the biggest ones there,
since Project Sitron in 1999, Project [indistinct], consisting of all of six
20 vessels, three off shore patrol vessels and three integral patrol vessels
and which is currently in the initial stages of the acquisition process,
formally, formally is again, Byrall Smith is the programme manager. He
still lives in Cape Town. His office is in Cape Town. He loves Cape
Town. He refuses to move from Cape Town and yet, the project officer,
25 Captain Mark Venter, is again, based in Pretoria.

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ADV SIBEKO: Now, that brings us to the end of that topic and the next topic we need to deal with is the surface to surface missiles that I believe were reduced, in the acquisition process of the combat suite to try and bring down the price. Is that correct?

5 DR YOUNG: That seems to be all the indications from the documentary record of this acquisition process. But, as I will have to re-emphasize at this point, my analysis, which I am about to traverse now, is unfortunately, missing the, the parts of, of the documents that might add the full [indistinct] dated. There have been, there are documents
10 that I have been requesting from Armscor and the DOD for close on two years and it, I just been simply ignored.

ADV SIBEKO: Chair, we, we are going to be starting a, a new topic. It, it might require that we end our discussion. There seems to be an adjournment, before we, we end the discussion of that topic. Would,
15 would this perhaps, be a convenient time to, to take the adjournment? I, I, speaking personally, I, I am quite exhausted, at this point. I, I have just become saturated. I think, it would not serve the interest of both the Commission and the witness if we proceed, in the condition that I am.

CHAIRPERSON: I see Dr Young is smiling. I suppose you agree with
20 him?

DR YOUNG: No. If you had asked me the same question yesterday, I would have said I, I am at the end, because I was exhausted yesterday. But, but I have to respect my evidence leader, because he is leading me. I would, personally would be happy to carry on for another half an
25 hour. I think, he, Advocate Sibeko might have a better view, on whether

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we can finish this topic, by six o'clock or not. If we cannot, then I would agree that this would be a relevant time for break. If we can and he agrees, then we could carry on, until the end of this topic. As long as it does not extend too much further than six o'clock, because hopefully
5 everybody would know that I was joking, the first time I mentioned six o'clock in the morning, I did, that was only a joke. I could not carry on, until six o'clock tomorrow morning.

CHAIRPERSON: Okay. Thank you. Advocate Sibeko, how long, do you think this portion is going to take us, because I see it is from page
10 112 to 118?

ADV SIBEKO: It, it also has reference to other documents that are [indistinct], Chair.

CHAIRPERSON: Ja. That I understand ...[intervene]

ADV SIBEKO: Alright ...[intervene]

15 CHAIRPERSON: What I am trying to find out, more or less, how, how long do you think it will take us?

ADV SIBEKO: It, it will take us more than 30 minutes, Chair, in my estimate.

CHAIRPERSON: Or slightly more than 30 minutes? Maybe, let us
20 adjourn then and then we will start tomorrow again, at nine o'clock.

ADV SIBEKO: As it pleases the Chair.

CHAIRPERSON: Thank you. We will adjourn now.

(COMMISSION ADJOURNS)