

ARMS PROCUREMENT COMMISSION

Transparency, Accountability and the Rule of Law

PUBLIC HEARINGS

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HEARING ON 20 MARCH 2015

CHAIRPERSON: Thank you. Good morning everybody. We will start then.

ADV SELLO: Thank you, Chair and Commissioner Musi. At the
5 outset, can I start with tendering an apology to the Commission for the
late start? This was occasioned by two factors. As I shall shortly
explain to the Commission, the witness for SAAB will not be taking the
stand, the stand today.

It was necessary for us to confer with the representatives of SAAB,
10 before we address the Commission. Secondly, and a, I guess less
forgivable excuse, Chair and Commissioner Musi, is I got myself lost for
various reasons in Pretoria and that delayed my arrival, here at the
Commission. For which I, I apologise, Chair. Thank you.

Chairs, I have [indistinct] the witness for SAAB will not be taking the
15 stand today, as it was originally planned. Before we discuss how we
take the matter forward, perhaps it is necessary that I state to the
Commissioners what has transpired in the days proceeding today.

A draft statement was received from SAAB on the 13th of March. That
would be last week Friday, for consideration by evidence leaders. We
20 required a document both from SAAB and from the Commission,
relating to matters relevant to SAAB.

These were provided by SAAB, I think, on the Monday the 16th and
the documents from the Commission on the past Wednesday. Only
then, could the evidence leaders apply their minds properly to the
25 statement and the contents of the documents, the relevant documents

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and to provide comments thereon.

We have done so and we endeavour to complete that exercise by Wednesday. But, unfortunately we could only do so some time in the middle of the night and forward the statement, as commented upon to
5 SAAB, which was only received by them, in the morning of Thursday, which was yesterday.

Yesterday afternoon, we received a letter from Adams and Adams, the representatives of SAAB, explaining a few issues. Some of which are one, the witness that has been identified to give evidence on SAAB
10 and on whose behalf the draft was prepared, may not be in a position to deal with the comments and the issues, raised by evidence leaders.

It has become necessary for SAAB to consider, whether the person identified is the appropriate witness, for purposes of explaining SAAB's role in the SDPP's. Two, the questions, posed by the evidence leaders,
15 require further investigations and a conferment amongst the representatives of SAAB, in order to give, to, to provide responses thereto.

That exercise, based on the nature of the questions and the detail requirements, some instances by the questions is not an exercise that
20 could be completed, in what technically, would be a 24 hour period. In the circumstances, at a, it has become necessary for SAAB to reconsider its draft statement, in the context of the comments and the questions.

For that, it requires time. It also needs to consider whether to
25 proceed with the witness they have put forth, or whether they should

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look at providing other witness or witnesses, should that become relevant.

The matter is necessitated by the fact that, we advised that the current representatives of SAAB have no personal knowledge of the majority of issues that arise from the SDPP. The situation being that most, people have since moved on from SAAB.

Any witness that SAAB puts forward, will be giving evidence, not on the basis of personal knowledge, but from documents, under the control of SAAB and from institutional memory, as retained, by other representatives, within SAAB. Against that background it, it is possible that evidence for SAAB might be provided, by more than one person.

Now, for, for that exercise, for that purpose, it is necessary for SAAB to be clarified, who will be delivering the testimony on their behalf. Chair, before I, I comment on the suggested way forward, there may be, it may be appropriate at this juncture to mention that SAAB is legally represented, in the hearing today.

Maybe for the legal representatives to place themselves on record and confirm the discussions that I have, that we have had and what I have put forward to the Commission. Once that is done, Chair, we propose to set out what we believe, might be the best approach, to enable SAAB to prepare itself to give evidence and for this Commission to hear the evidence of SAAB, within the time constraints that the Commission faces.

ADV WILSON: Morning Chair and Commissioner Musi. My name is Jerome Wilson from the Johannesburg Bar. I am instructed by Adams

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and Adams, who are the legal representatives of SAAB AB and we do confirm the position that has been presented to you, by evidence leader Sello.

ADV SELLO: Thank you, Advocate Wilson. Against that background, Chair, SAAB proposes and it is a proposal supported by the evidence leaders, that they be afforded a period up to the 2nd, the 3rd of April, to respond to the issues, raised by the evidence leaders and to, to obtain responses to the questions posed.

In that period, SAAB and the evidence leaders will be in constant contact, exchanging various drafts, until those parties are satisfied that the queries raised have been addressed fully. We will also use that time to deal with any other issues that have, because of the time constraints have not have been brought to the attention of SAAB and to endeavour to have a final draft ready, by the 3rd of April.

Chair and I say final draft, the emphasis on draft, because it is only in its complete form, as a final draft, are we then able to take a final decision on that draft and to, to then consult with the witness and prepare to give evidence. For that, it will then be necessary that after the submission of the draft on the 3rd of April, we are afforded some time, for that purpose.

That would then mean, Chair, that notwithstanding the fact that the draft may be provided by the 3rd of April, it would not be feasible to look at the week of the Monday, starting the 6th of April, for purposes of giving evidence. We would like to suggest and, and we hope that the Commission will accept our suggestion, a suggestion that the evidence

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leaders have discuss and to some extent and are in agreement with representatives of SAAB, that we look at some, giving evidence from the week of the 20th of April.

We, we have pointed out that there is a problem already, that the
5 Commission has. The 20th, that week of the 20th may not be, may not suit the Commission and that being the case, they would endeavour to provide a witness, by the 17th of April.

This suggestion, Chair, is made, however with a rider. Regard being had to the fact that the draft would be in, by the 2nd of April, it was a
10 request that they be provided with about two weeks, to ensure that the witness or witnesses, as the case may be, would be available.

They advised, they are currently not, they do not have instructions, as to what date they can commit to, for the witness to be here. Considering that the witness comes from Sweden and the identity of the
15 witness would more or less be confirmed, by the nature, contents and extent of the statement.

They are apparently not in a position to, to confirm a certain date. As the Commission is amenable to hearing SAAB from the week of the 20th, alternatively, the Friday of the 17th, the representatives, SAAB's
20 representatives would revert to the Commission by Wednesday the 25th of March, to confirm the date that SAAB commits to and on which date they shall be available to give evidence.

Chair and Commissioner Musi, I must mention that we, this morning we had a lengthy discussion and, and we looked at all practicalities.
25 Any date, earlier than that may not only complicate matters for the

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witness or witnesses, but may result in evidence or testimony to the Commission, being lacking in detail that is necessary to provide. A, a situation that SAAB has confirmed is undesirable, from SAAB's standpoint.

5 SAAB would like to engage and co-operate with the Commission fully and would request that time should not frustrate their commitment, hence the request for a hearing on the 20th. Having said that and unless the representatives of SAAB think I may have miss-stated the agreed to position, Chair and Commissioner Musi, we are in your hands.

10 ADV WILSON: Chair, we do confirm that arrangement and proposal that has been set forward by Advocate Sello.

CHAIRPERSON: Thank you for that presentation. Let me make one or two points clear. Firstly, our mandate expires on the 30th of April. At this stage, I have no intentions of asking for an extension. On the 30th
15 of April, we must be done with this Commission.

So, whatever arrangements that you make, you must keep that in mind and we are not going to ask for any extension. Then, secondly, I think, we will want to make sure that we reserve at least a week, for, for closing arguments.

20 We reserve at least a week for, for closing arguments. You are warned to take those two factors into account. It appears to me that the 20th, it will be too late. If we, SAAB can only come on the 20th of April, it is going to be, it is going to be very difficult for us, to achieve the objective that I have just mentioned.

25 That one, we give the parties a week to do their closing arguments

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and that two, by the 30th, we must be done. I cannot see any possibility of me, going back to the President, asking for, for an extension. I think, it is undesirable, we need to finish this, conclude the proceedings of this Commission, by the end of April.

5 Then, I understand that it might put a bit of pressure on, on the SAAB's legal representatives and their witnesses. But, unfortunately, I think, it is a necessary question. Whilst SAAB has, to a very great extent co-operated with us, I think that, you know, that co-operation is necessary and that it should be continued, so that we can be in a
10 position to, to get the evidence of the SAAB representatives.

I am reluctant to, to agree to the fact that SAAB can only come on the 30th, I mean, on the, on the 20th. I think, you know, we should also bear in mind that there are interests of other people that needs to, to be taken into account.

15 During that period, we need to accommodate SAAB, together with other people. It is not only SAAB. Our problem is so tight that, if SAAB can come only on the 20th, it is going to make it very difficult, for us to give sufficient time to the other parties to, to participate in the prolonged [indistinct].

20 Therefore, I am appealing to the SAAB legal representative to reconsider the date of the 20th. I think, you know, we have looked at the programme, the 13th might be more, more appropriate for us, to hear the evidence of, of SAAB, the 13th of April and not the 20th.

MS SIMPSON: Chair and Commissioner Musi, can I first just reiterate
25 the ongoing desire of SAAB, to co-operate with this Commission.

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Certainly, in that spirit and further to what the Commission has indicated, we will make very endeavour, to arrange with the evidence leaders, to have the hearing of the evidence in that week, ending the 17th of April, in other words, the week, beginning the 13th of April.

5 We are faced with the difficulty that we have not yet identified, in the light of the questions that are coming, precisely which witness will be most appropriate, for the Commission to hear. That obviously, may impact on our ability to confirm finally, today, what that date will be.

But, we give every assurance to the Commission and to the evidence
10 leaders that we will make every effort, to ensure that that evidence is given, in that week of the 13th of April, if that meets with the approval of the Commission. What we will do, further to that is once we have received, at least, the, the issues that the evidence leaders want us to canvass, in a semi-final form, we will provide confirmation of the, our
15 ability to, to meet that.

And to perhaps even specify a day within that week that our witness will be able to give that evidence. There will be an ongoing communication with the evidence leader and the Commission's representatives, in that regard.

20 We, we do, we do undertake to make every effort, in conclusion, to have the evidence in that week of the 13th of April.

CHAIRPERSON: My fellow Commissioner here reminds me that, you know, we should remind SAAB that it is important that when you prepare your statement that you should look at our terms of reference. Issues,
25 which are outside our terms of reference, maybe it might not be

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necessary for you to waste time on them, because if an issue does not fall within our terms of reference we will not be in a position to deal with it. So, [indistinct] statement that you prepared, just keep in mind our terms of reference.

5 MS SIMPSON: Chair, we will certainly do so. We have attempted to do so and we will do ensure that we do so, in the final statement that is prepared.

CHAIRPERSON: Thank you. Advocate Sello?

ADV SELLO: Yes, Chair. I can only but agree. I can only but agree,
10 Chair. I think, I am not quite sure what it is I am supposed to respond to.

CHAIRPERSON: No.

ADV SELLO: [Indistinct].

CHAIRPERSON: They have made certain suggestions. Initially, you
15 have spoken about the 20th. I have said that the 20th to me, it will not be practical, because we do not intend asking for any extension of the [indistinct] of this Commission. Then, there was the suggestion of the 13th, that maybe your input, as far as that is concerned and that is why I am coming back to you.

20 ADV SELLO: Thank you, Chair. I apologise for, for that confusion, on my part, sorry, on my part. Chair, confirm that the evidence leaders would be available to, to deal, to lead that evidence, in the week of the 13th.

I, we have understood the concerns from the Commission, and we
25 understand where SAAB is coming from. So, if it is a commitment that

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is being sought from us as regards our ability and our state of readiness to deal with the evidence in the week starting the 13th, then I so confirm, Chair.

CHAIRPERSON: Thank you. And then, lastly, I think, you know, 5 whatever date that the parties are going to agree on, if you can allow our administration to announce the date, at least, two days before on our [indistinct].

ADV SELLO: Chair, I think that that would be quite feasible. If not, sooner than that. But, we will try and make sure that, at least, that the 10 date is communicated to the Commission, as soon as it is possible to, to confirm.

CHAIRPERSON: Thank you. And we should also have the statements, earlier than the day of the hearing.

ADV SELLO: Definitely, Chair. The statement and any annexures 15 thereto, before the date of the hearing.

CHAIRPERSON: Thank you. Thank you, I think, that is all, as far as SAAB is concerned and I hope each party keeps to their side of the bargain, so that, you know, we can be in a position to finalise the hearings of this Commission, before the 30th. Thanks a lot.

20 ADV SELLO: Chair, with your permission, may we be, may we be excused?

CHAIRPERSON: Thank you. You are [indistinct].

ADV WILSON: Thank you, Chair. Ms Ramagaga, I see, you are the one, who is sitting in front of a, of a mike.

25 ADV RAMAGAGA: Yes, Chair. That is correct. I will be leading the

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witness today. The witness is ready to be led.

SIMON EDGE: (d.s.s.)

ADV RAMAGAGA: May I proceed, Chair? Thank you. Mr Edge, you have been asked to come and provide evidence, on behalf of Agusta, to
5 this Commission. Is that correct?

MR EDGE: Chair and Commissioner Musi, yes, it is correct.

ADV RAMAGAGA: And you have since, drawn a statement that will assist you, in the presentation of your evidence.

MR EDGE: That is correct.

10 ADV RAMAGAGA: Now, your statement appears on pages 1 to 17 of the bundle.

MR EDGE: Chair and Commissioner Musi, yes, that is correct.

ADV RAMAGAGA: Now, I would like to invite you to turn to page 17 of the statement. Now, the statement is dated the 20th day of March 2015,
15 which is today. That signature that appears on the statement, is it your signature? May I just indicate to you that the Commissioner's copies are signed and the rest of the people do not have the signed copies?

MR EDGE: Chair and Commissioner Musi, I can confirm that is my signature.

20 ADV RAMAGAGA: And do you also confirm the correctness of the contents of the statement?

MR EDGE: Chair and Commissioner Musi, I confirm.

ADV RAMAGAGA: Now, Sir, will you then turn to page 1 of the bundle? In the statement, the, will you please read into the record the
25 first three paragraphs of the statement?

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MR EDGE:

"I, the undersigned, Simon Edge, do hereby state as follows. I reside in and am a citizen of the United Kingdom. I have been asked to provide evidence, within my knowledge that may be relevant to the LUH
5 *acquisition of the SDPP within the context of the agreement, concluded on the 3rd of December 1999, between The Armaments Corporation of South Africa LTD (Arm Scor), the government of the Republic of South Africa, through its Department of Defence (DoD) the government of the Republic of South Africa, through its Department of Trade and Industry*
10 *(DTI) and Agusta Un Azienda Finmeccanica SpA (Agusta) the Light Utility Helicopter Agreement."*

ADV RAMAGAGA: Okay. Yes. Just before you proceed, Sir. Now, you, you mentioned that you reside in the United Kingdom and you were asked to provide the evidence and you have attended today. Now, what
15 I would like you to indicate to the Commission is whether you were subpoenaed to attend. Or did, were, did you, are you appearing today voluntarily?

MR EDGE: A subpoena was not necessary. We are, we are fully willing to co-operate with the, with the Commission. So, a subpoena
20 was not necessary. We want to be open and transparent with all of the dealings of this, of this transaction, so.

ADV RAMAGAGA: I have also noticed, from your statement that you, you reside and you are also a citizen of the United Kingdom. Can you tell this Commission as to whether Agusta does have a branch office in
25 the Republic of South Africa, or not?

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MR EDGE: There is, there is no subsidiary company in South Africa.

ADV RAMAGAGA: And in terms of the regulations of this Commission, people outside the territory of South Africa seem not to be subjected to, to the jurisdiction of this Commission and I say seem not. But, you have
5 nevertheless agreed to come and assist the Commission. Is that the case?

MR EDGE: Yes. Chair and Commissioner Musi, that is the case. We want to co-operate, willingly.

ADV RAMAGAGA: Thank you. In paragraph 3 of the statement, you
10 allude to the fact that the Agusta has since been renamed AgustaWestland SpA and you will be testifying on behalf of Agusta. Is that correct?

MR EDGE: Yes, that is correct. Would you like me to expand further on the, on the background to the company name, or?

15 ADV RAMAGAGA: Yes. You will be invited to, to expand further on that, later in the presentation of your evidence. It is also correct that you are an employee of AgustaWestland. You are responsible for all industrial participation activities, across both Italian and UK arms of the organisation.

20 MR EDGE: Chair and Commissioner Musi, yes, that is correct.

ADV RAMAGAGA: Now, you have attached your signature
...[intervene]

CHAIRPERSON: I am sorry, Ms Ramagaga. I think, there is something wrong with the mike. You know, we, we are battling to hear
25 what the witness is saying.

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MR EDGE: Chair and Commissioner, is that, my apologies.

ADV RAMAGAGA: Now, you have attached your curriculum vitae to the statement and that appears in page 18, of the bundle and it is marked SE 1. Will you please turn to page 18 of the bundle? Now, that, 5 that document that appears on page 18 is actually an abbreviated curriculum of yourself, which is relevant to this Commission. Will you please just speak to the curriculum vitae?

MR EDGE: Chair and Commissioner Musi, I have been an employee of Westland Helicopters LTD in the UK. I joined that company in 1974, 10 which is obviously, over 40 years ago now. After various career enhancements, I was promoted in 1982 to the Customer Support and Service Manager, responsible for Westland products in Latin America and Africa, which in that time was, was a really small contract with Nigeria. In 1986 I was actually transferred to become the Deputy 15 General Manager of our subsidiary in Brazil. Following a return from that posting, I was then posted to, to work for our, our Korean branch office, as the General Manager in 1986. In 1990, I have spent four years there. Then, after, after various career, career changes, I then moved into industrial participation. That was around about the time that 20 the Westland helicopter company in the UK was merged with the Agusta helicopter company in Italia, to create the AgustaWestland helicopter. Now, my, my current position is that of the Head of Industrial Participation and I am responsible for industrial participation, across all of the, all of the group of companies, both in the UK and in Italy. There 25 is a seamless organisation, although we are in two different locations.

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So, so, that is, it is a brief resume of my, my career.

ADV RAMAGAGA: Alright. Thank you. You mentioned, Sir, in your statement in paragraph 5 that the person that were involved, who were initially involved and in the, in the, in the contract conclusion and even participation and negotiations, are no longer with the, with Augusta. You only became directly involved in, or around 2007. Your, most of your, of the evidence that you are going to present, is based on the documents that have come to your attention, as well as to some extent, and the [indistinct] extent, the information that you were exposed to, by virtue of your employment with Agusta. Is that correct?

MR EDGE: Well, Chair and Commissioner Musi, yes, that is correct.

ADV RAMAGAGA: Now, the documents that you seek to rely upon, are amongst others, documents that are already in possession of the Commission, that have been presented to the Commission, in the form of evidence, by respective witnesses. Mainly, the witnesses that you rely upon heavily are the evidence of Colonel Viljoen, Mr Johan Odendaal, Mr Dawie Griessel. Is that correct?

MR EDGE: Chair and Commissioner Musi, yes, that is correct.

ADV RAMAGAGA: Now, turning to page 2 of the bundle, you, in paragraph 8 of your statement, you are outlining the structure that your statement is going to follow. Do you confirm that?

MR EDGE: Chair and Commissioner Musi, yes, I confirm.

ADV RAMAGAGA: And in paragraph 9 of your statement, you then outline the corporate history of Agusta and the coming into being of the AgustaWestland. Do you confirm that?

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MR EDGE: Chair, I confirm that.

ADV RAMAGAGA: Yes. Will you please just highlight the corporate history of Agusta and the coming into being of the AgustaWestland?

MR EDGE: Chair and Commissioner Musi, the, the Agusta was, the
5 Agusta company and the Westland company both started manufacturing
helicopters some 50 years ago. The, following the, the merger in 2001,
that, that has been a continuous activity. We operate in a number of
markets around the world and have a variety of products for use, in
various markets, whether they are civil or military markets.

10 ADV RAMAGAGA: Now, in, in paragraph 14, you are now introducing
information, relating to the issue of the first RFI of Agusta. Now, that
evidence that you present, relating to the RFI is basically, based on the
evidence that was presented by Mr Odendaal, as supported by
ANNEXURE JO 2, to Mr Odendaal's pack.

15 MR EDGE: Chair, that is indeed correct. There are very
comprehensive responses by Armscor and the Air Force, so we, we
have no issue with those.

ADV RAMAGAGA: Now, the full information, relating to, in actual fact,
let me, let me put it this way, in paragraph 15 of your statement, you are
20 now dealing with the essential, essential contents of the first RFI. Is that
correct?

MR EDGE: That is correct.

ADV RAMAGAGA: Now, in page 5 of the statement, you mention at
paragraph 15.11 that, according to the evidence that was presented
25 before the Commission, nine companies were invited, or were issued

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with those, the first RFI. Now, in paragraph 16, you say Agusta considered itself to be well placed to respond positively to the RFI. Can you just explain to the Commission as to why Agusta deemed it proper and deemed it qualified, to actually respond to the RFI?

5 MR EDGE: Chair and Commissioner Musi, with, we qualified, because we have the products, which met the requirements, detailed in the RFI. We, we have been a respectable helicopter manufacturer for 30 or 40 years, prior to that. So, believed we had the experience, not only with the products, but also the long term support, et cetera.

10 ADV RAMAGAGA: Now, in paragraph six, paragraph 17, you, you state that you understand that Agusta offered two options, in respect of the engine, namely Pratt and Whitney or the Turbomeca. In fact, that, that evidence has been presented to the Commission that it is actually so, that Agusta presented two engines. Now, what the Commission
15 would like to know is, as to whether, at the time, when you responded and submitted our response to the RFI, did you have any preference? Or did you have preference for particular engine? Or what is the position?

MR EDGE: Chair and Commissioner Musi, the offer of options is
20 certainly [indistinct] preference, whether it is an engine or radar or a sonar. It is, it is common practice and we generally put together the, the relevant details, to enable the customer to decide what, what option to take. In this case, we, we, there were two engine options. We had to be sure that both of those engines actually would, would fit in the
25 aircraft, perform adequately to the right requirements, et cetera. We, we

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had, from our point of view, it is just to put forward the, the relevant information, to enable the customer to make the decision.

ADV RAMAGAGA: But then, before you, you put the relevant information to the customer, for the customer to make a decision, do you
5 look at the reputation of the companies, the capabilities and so forth? Or do you just pick and choose any of the companies and put, put that through?

MR EDGE: Chair, no, we would first of all, we would make sure that the companies, obviously, would have to be reputable companies, which
10 the two engine suppliers were Pratt and Whitney and Turbomeca are, at that stage and still are very reputable companies with very good products. So, so, obviously, due, due consideration is taken for that.

ADV RAMAGAGA: Thank you. It is, it is already on evidence that the base line engine that had been chosen, by the client, just as a base line
15 and not the preferred engine was the Pratt and Whitney 206. Now, the evidence before the Commission is that, towards the end, the selection that had to be made was a selection between Pratt and Whitney 207 and Turbomeca 2K2. Is it correct, Sir, that at the time, when you responded or Agusta responded to the offer, the Pratt and Whitney 207
20 had not as yet, been certified? Is it correct?

MR EDGE: I, I will be honest, Chair, I am not, not fully aware of the, the situation for that. I, I believe it to be the case, but I cannot confirm it.

MS RAMOS: Yes. We understand. Like you say that you rely entirely on the, on the documentation that has been presented to you. The
25 evidence that has already been placed, to the, before the Commission is

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that the certification of 207 was, was done, on the 13th day of November 1998. So, it is just about five days, before the announcement of, of the preferred bidder. But, I will not take the point with you. I am just narrating this for the benefit of, of the record and for the Commissioners.

5 Now, moving to the Turbomeca is, it is correct, Sir, that at the time, when you responded to the first RFI, the certified engine of Turbomeca, at that time, was 2K1 and not 2K2.

MR EDGE: I will be honest, Chair, I, I will need to refer to some, some paperwork. I am, the model numbers are quite confusing, because we
10 have two, two different models of the Pratt and Whitney, wherein the 206 and 207. And we also have different variants for, for Turbomeca. So, I would hate to say something, which is incorrect. So, I am sorry, I will have to pass on that.

ADV RAMAGAGA: Alright. Thank you. Is, is it correct that, at the
15 time, when you responded to the request for information, the Pratt and Whitney engine was actually already fitted into the A109 helicopters that you were manufacturing.

MR EDGE: Yes. At that stage the Pratt and Whitney engine was, in fact, fully qualified on the product, whereas the Turbomeca engine was
20 not.

ADV RAMAGAGA: Thank you. Then you can and, and you, you confirm that ultimately, the decision was made, by the client, as to which engine to settle for.

MR EDGE: Yes. I can confirm that. We, we put together, what we
25 believed to be sufficient information, to enable the client to make the

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decision. Obviously, there were certain things that the client may be aware of, that they want to take into consideration, which are outside of our, our realms of knowledge. But, at the end of the day, it is the customer's decision and we follow the customer's decision.

5 **ADV RAMAGAGA:** Yes. And it is correct that the customer's decision, when, when the customer made its decision, then you recommended some safeguards that could deal with the risks that you, you were concerned with, with regard to the Turbomeca engine. Is that correct?

MR EDGE: Yes, that is correct. There were certain guarantees that
10 were, were placed onto Turbomeca, via AgustaWestland.

ADV RAMAGAGA: And your concerns were settled, to your satisfaction.

MR EDGE: I believe so, yes.

ADV RAMAGAGA: Alright. Thank you. Then, in paragraph 19, you
15 are dealing with the RFI, the issues of the second RFI. Do, do you agree?

MR EDGE: Chair, I agree.

ADV RAMAGAGA: And the information that you have placed on, in
20 your statement, which should form part of the record is the information that you, you have drawn from the evidence of Colonel Viljoen, as well as Mr Odendaal. Am I correct?

MR EDGE: Chair, yes, that is correct.

ADV RAMAGAGA: Is there anything that you would like to highlight, in
respect of the second RFI?

25 **MR EDGE:** Well, nothing, nothing. No.

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ADV RAMAGAGA: Now, shall we then proceed to page 22. In actual fact, in, in page 22, the witness is dealing with the rationale for the introduction of paragraph 22, page 6. I beg your pardon. I beg your pardon, Commissioners. Do you see that?

5 MR EDGE: Yes, Madam.

ADV RAMAGAGA: Now, in terms of, of that paragraph, the witness is dealing with the rationale for the introduction of the, or for the issue of the second RFI. In page 22, in paragraph 22 Mr Odendaal is actually dealing with the introduction of the NIP's and DIP's documentation.

10 That goes through to paragraph 23, 24, as well as 25. Do you confirm?

MR EDGE: Chair, yes, I confirm.

ADV RAMAGAGA: Is there anything that you would like to highlight, especially in respect of the, the NIP's and DIP's information that was required?

15 MR EDGE: Chair, to the best of my knowledge this is, this is the standard NIP and DIP information that we were already aware of, so, so, nothing in particular. No.

ADV RAMAGAGA: Okay. Just a point of correction, Chair. I would like to draw your attention to paragraph 25. I draw attention to the fact
20 that unlike the RFI, the second RFI between there and RFI, I believe it should be the first RFI. Am I correct? The first, yes, the witness does agree that that is meant to be the first RFI and I thus request that the amendment to be effected to include the, to describe it, as the first RFI. That is in page 7. Alright. Now, paragraph 27 also deals with the
25 contents of the DIP information and even to say, as to which of the DIP

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and NIP documents were compiled, to be completed and which ones were not necessary to be completed. Now, do you know, as to whether your company did complete the documents that were compulsory, or not, on the NIP's and DIP's?

5 **MR EDGE:** Chair, to, to the best of my knowledge, we complied fully with the requirements of the RFI.

ADV RAMAGAGA: Now, turning to page 8, paragraph 29, you are actually highlighting the developments that were described by Mr Johan Odendaal, with regard to the evaluation model and procedure. You,
10 your company was not part of that and you are actually saying that you note what he says and you do not take issue with what he says, happened, in that respect.

MR EDGE: Alright. Chair, that is correct and were internal Armscor and Air Force evaluations. So, we would not have had, had sight of
15 those.

ADV RAMAGAGA: Now, in paragraph 31 to 35, you are dealing with the issue by Armscor of the RFO and Agusta's response to it. Is there anything that you would like to highlight, in respect of this topic? Bearing in mind that the witnesses of Armscor and in particular Mr
20 Odendaal, as well as the Department of Defence witness, Colonel Viljoen, have already testified in this respect, is there anything in particular that you would like to bring to the attention of the Commission, on this topic?

MR EDGE: Alright. Chair, there is nothing in particular. Just to point
25 out that the, the evidence of the previous witnesses was extremely

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comprehensive and detailed.

ADV RAMAGAGA: Now, on page 10 you introduce another topic and that is the contract negotiations, for the conclusion of the Light Utility Helicopter Agreement. As, in line with the evidence that has been
5 presented before the Commission, you indicate to the Commission, as to the period, during which, the negotiations took place, with regard to the acquisition of the LUH. Is there anything in particular that you would like to draw your, the attention of the Commissioners to?

MR EDGE: Sorry, actually, Chair, if I could just go back to the
10 previous question. There are two things that I wanted to raise at the, the previous section. One is that the Agusta product was indeed evaluated and it was the lowest cost solution. It was also evaluated and it was the most technically superior solution. So, in, in terms of the, the evaluation process, okay, the product was deemed the best, by value for
15 money, as well as the lowest cost, as well as the best product.

ADV RAMAGAGA: Alright. What ...[intervene]

MR EDGE: Sorry ...[intervene]

ADV RAMAGAGA: While, while on that point, I would like to draw your
20 attention to the addendum bundle that you have, next to you. There, is a second file, Commissioners, yes. It has a few documents in it. It is not paginated, but it is properly divided and, and marked. I would like to take you particularly to a document, marked A3, A3. It is described as written representations of Patricia De Lille. Do you see that?

MR EDGE: Chair, yes, I see that.

25 ADV RAMAGAGA: Now, in particular, I would like to take you to page

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9. A document that it is marked nine. Do you see that?

MR EDGE: Chair, yes, I see that.

ADV RAMAGAGA: Now, the, the first paragraph deals with the prices that are alleged, or the cost that is alleged to be the cost of the
5 respective armaments and it reads:

“British GKN Westland helicopters are to cost R787 million or R197 million each. The 40 Agusta helicopters will cost R55 million each, whereas a Bell helicopter will cost R12 million.”

Do you see that?

10 MR EDGE: Yes, I see that, Chair.

ADV RAMAGAGA: Now, compared to what you state in page 10 of your statement, where, where Mr Odendaal testified about the respective prices, or the respective cost of the different helicopters, what is your comment? Would you say that that criticism or that allegation is
15 correct or not?

MR EDGE: Chair, it is, it is misleading in that it compares the GKM Westland helicopters in, in the programme as well. They were in a completely different programme. But, with regard to the comparison between the 40 AugustaWestland helicopters and the Bell helicopter, it
20 is clear from the evidence of, of Mr Odendaal that the figures are completely wrong.

ADV RAMAGAGA: Alright. Thank you. Shall we then revert to the topic that we were about to start with? That is the contract negotiations for the conclusion of the Light Utility Helicopter Agreement. When you
25 reverted to the previous topic, you had been invited to indicate, as to

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whether there is anything that you would like to highlight on this topic, in particular.

MR EDGE: Chair, no other than the negotiations were with the International Offers Negotiating team. I think, they, they had a duration
5 of about one year, I think, in total.

ADV RAMAGAGA: Alright. Thank you. I would like to focus your attention to page 12 of the bundle and in particular, I would like to direct you to the fourth bullet from the bottom, on that page. Do you see that?

MR EDGE: Chair, yes, I see it.

10 ADV RAMAGAGA: Page, page 12, Commissioner Musi and Chair.

MR EDGE: Chair, yes, I confirm. I see that.

ADV RAMAGAGA: May I proceed, Chair? Thank you. Now, for completeness, I will start with the introducing statement, which reads:

15 *“Agusta was requested by the IPT (that is the Integrated Programme Team) subsequent to their selections, as preferred supplier, to provide a comparative study and data for both engines. This report concluded that.”*

The bullet number two that I directed your attention to:

20 *“The additional cost of Armscor to acquire the integrated Turbomeca Arrius 2K2 engines to the Agusta A109LUH would amount to an additional 3.8 million.”*

And the third bullet:

“No extra costs with respect to Pratt and Whitney 207 engines were applicable.”

25 Now, in the light of what you have already alluded to in your evidence

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that, at the time of the, at the time of responding to the RFO, the A109 was already fitted with the Pratt and Whitney engine and the Turbomeca engine had not as yet, been fitted into the, into the A109 helicopter. Now, is it correct, or rather, maybe let me give you the opportunity to
5 explain as to what would be the cost or the reason, behind Turbomeca, having to pay for the integration, while this thing, while Pratt and Whitney, you would not have to.

MR EDGE: Chair, at the time of this activity, our helicopter was already, already had full approval, through various [indistinct]
10 authorities, for the installation and operation of the Pratt and Whitney engine. But, it did not have the same thing, for the Turbomeca engine. So, clearly, additional effort would be required, not only through design and, and the development activities, additional flying activities, to prove the, the installed performance of the engine, for, to, to ensure it is
15 basically a safe product, to fly the combination of the new engine and the, and the helicopter. So, as a consequence, there are additional activities, additional burdens that would be placed on us, the, the prime contractor. So, if there was no cost increase, then we would have to, to accept that cost burden ourselves. So, the, the cost, which is shown
20 here, as 3.8 million Dollars, I believe was later reduced to around about 2.7 million Dollars, following some further discussions and, and clarifications and reduction of risks. But, this, this would be a normally accepted situation for a new, a new component, such as an engine to be installed and qualified fully.

25 ADV RAMAGAGA: Alright. Thank you. Then, please turn over to

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page 13 of your statement. In paragraphs 41 to 43, you are dealing with the conclusion of the Light Utility Helicopter Agreement. Chairperson and Commissioner Musi, may, at, at this time, bring it to your attention that there is an annexure marked SE 2. That is the Light Utility Helicopter Agreement, the supply terms agreement, as well as the, ja, there is a Light Utility Helicopter Agreement, as well as the Light Utility Helicopter supply terms agreement, or yes, supply terms agreement. Now, the documents were included in the, is included in the pack. On the believe by Agusta that that document, the documents are not classified. However, upon discussing with Armscor, they have since been informed that Armscor would object to the documents, being used in the Commission, because they have not been declassified and the consent would be, have to be obtained from all the interested parties in the agreement. We have indicated to Agusta that the, there are similar documents that have been declassified and the Commission is in any event, already in possession of the documents. However, when we made copies of the bundle, we just made copies of, for evidence leaders, the team of the client, being Agusta, as well as the Commissioners. The witness will thus, not be quoting from the agreements. However, when necessary, the witness may make reference to the agreements. May I proceed, then? Thank you. Alright. Will you then please deal with the matters, relating to the conclusion of the Light Utility Helicopter Agreement?

MR EDGE: So, following lengthy, sorry, Chair, following lengthy negotiations, we then finalised the contract for the, for the sale of 30

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Light Utility Helicopters for a contract price of just under 200 million Dollars.

ADV RAMAGAGA: Alright. You, you will notice, Chair and Commissioner Musi that any detail information, relating to the contract
5 and so forth, was already dealt with, by Colonel Viljoen, when he presented his evidence, as, and, and as well as Mr Odendaal. So, we will then proceed, to deal with the next page, page 14 of the statement. In page 14, Mr Edge, you state, you are dealing now with the technical matters arising, after the conclusion of the Light Utility Helicopter
10 Agreement. May I also again, indicate to the Commissioners that the information that you place on record and that appears on your statement heavily leans on the evidence that was presented by Colonel Viljoen, as well as Johan Odendaal. However, for the completeness of the record and also, regard being had to the fact that your company was also
15 involved in technical matters, arising after the conclusion of the agreement. Will you just take the Commissioners through that, without necessarily reading through the statement?

MR EDGE: Chair, yes, I think, one of the early points that are raised there, are the, is the issue that, after the contract was signed, we found
20 ourselves in a situation, where were trying to sell a similar helicopter to other, other customers around the world, namely Sweden, Malaysia, New Zealand and Nigeria. So, it became apparent that we got actually offered this enhanced version of the, of the helicopter. It is still variant to the A109 helicopter, but an improved version. We could offer that,
25 that very same helicopter, the improved version, for the same price,

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because were gaining economies of scale. The Norinco Rinkoffs were being spread over a much larger number of aircraft, purely because of the, the co-incidence of having similar requirements in other, in other countries around the world, that we could take advantage of and pass
5 those, those advantages onto, onto the Air Force.

ADV RAMAGAGA: Alright. Thank you. Is it correct or not, Sir, that after you had concluded the integration of this engine, the Turbomeca engine, as well as other technology developments that were done, is it correct that thereafter you did sell several, or many other helicopters to
10 several countries, fitted with the Turbomeca engine?

MR EDGE: Yes. We, we provided, as I say the same, the same variant to this helicopter, the A109 LUH to Sweden, Malaysia, New Zealand and Nigeria. All of them had the standard fitment with the Turbomeca engine.

15 ADV RAMAGAGA: Alright. Thank you. Then, let us deal with, when in paragraph 14, you state that the first helicopter was delivered in August 2005 and the last helicopter was delivered in August, or September 2009. Mr Odendaal has actually testified, with certainty, as to when the deliveries were, were taken. Shall we then now, focus our
20 attention to the next topic? That is the DIP and NIP terms contracted for under the SDPP. When you focus on this topic, I would like you to be mindful of the criticism that appears, relating to the NIP's and DIP's in particular, in A3, A3 of the addenda, A3, paragraph 4, which appears on pages 2, 3 and 4 of the document, signed by Patricia De Lille. It is part
25 of the Patricia De Lille dossier. Do you find that, Sir? It is in the, in this

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...[intervene]

MR EDGE: Sorry, yes ...[intervene]

ADV RAMAGAGA: Yes ...[intervene]

MR EDGE: Sorry, Chair, yes, I have found it.

5 CHAIRPERSON: Can you just repeat the page?

ADV RAMAGAGA: Alright. The, Sir, I am bringing to your attention, the Patricia De Lille dossier and in particular paragraph 4, which appears on pages 2 to 4 of that document. Because it is in that paragraph that she generally complains about the DIP's and NIP's, as to
10 what was not done. I must state that the statement is just general. It does not point to a particular company. However, I believe that it is important that you also, when you deal with this portion, you must be mindful of those allegations that she makes there.

MR EDGE: Okay.

15 ADV RAMAGAGA: You have had opportunity to look at those allegations. Am I, am I correct, Sir?

MR EDGE: Chair, yes, you are correct.

ADV RAMAGAGA: Yes. Then, you may proceed to deal with the paragraph, dealing with DIP and NIP terms. Not the paragraph, the
20 topics, Sir.

MR EDGE: Okay. I think it is, it is worth pointing out, Chair that there is obviously, you have already had the detailed evidence from, from the DTI and Armscor, Messrs Burger and, and Zikode. I think, from there, you can see the processes that were, that were used, by those
25 organisations for the assessment, the management and the control of

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the, of the DIP and the NIP were extremely thorough and extremely detailed and extremely, in my opinion, extremely professional, in the way that they were, were going about their business. We, we put together a programme of, if I first of all, relate to the, to the NIP, a
5 programme, which was quite wide ranging. If I just talk about one or two of the projects that are running today. For instance, we have one project, where we introduced the machinery to manufacture gold jewellery, from an Italian company, into, into Africa, South Africa. So, rather than exporting raw material, you can actually make the finished
10 product here. So, it is a far more, far more valuable, value added activity. So, ranging from gold jewellery, we helped the company to, to introduce the manufacture of steel [indistinct] manufacturing equipment and also, for some energy saving devices primarily for the local market, but eventually for, for the export market. These, these activities, even,
15 even though the NIP programme was discharged some seven years ago, these activities are still continuing. They are still providing employment of South African labour. They are still providing export revenue. They are still, you know, sound business. So, and, as you are probably aware, for every, every job that is created, there are indirect
20 jobs that are also created. The, the DTI itself uses a factor of two to one. So, it is not just the jobs that are created, it is the indirect jobs that are also created. So, we always look to have a success in a, in an industrial participation programme. When the programme has longevity and clearly, these programmes have longevity, they are still successful.
25 With regard to the, the DIP programmes, we worked with the South

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African defence and aerospace companies, to fully discharge our obligation. It think, 23 out of the 30 helicopters were actually assembled in Denel, in South Africa. In fact, South African manufactured avionics are fitted to the, the very helicopters I was referring to earlier, the ones
5 that have been sold to Sweden, Malaysia, et cetera. So, it is, we also look upon the DIP as being very successful. In fact, before coming to the, to the Commission, I have reviewed some of our procurement records. Last year alone, we, we made procurements from South African defence and aerospace companies, in excess of 5 million Euros.
10 So, that business is still continuing today. So, we look upon this programme as being, being very successful, not just from the point of view of completion, because, as you will see later on, in this section, on page 16, you will see the formal closure notices were given by the DTI and Armscor, to illustrate completion of those activities. But, as I say,
15 the programmes have continued after the completion of our obligations. So, we look upon those, as being highly successful programmes.

ADV RAMAGAGA: Alright. Thank you, and, and it is so that the full and detailed information, regarding the NIP's and DIP's obligations, the information, relating to that is contained in the annexures SE 4 and SE 5
20 and 6, respectively. That would include even, the advices from, from the DTI. Is that correct?

MR EDGE: Chair, yes, that is correct.

ADV RAMAGAGA: Yes. Now, could, could you please deal with paragraph 53 that appears on page 16 of your statement? For the
25 completeness of the record, to indicate as to what advices were

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received from the, the DTI, with regard to the DIP, with the NIP's and as well as the information, relating to the DIP's from, from Armscor.

MR EDGE: Chair, following, following the successful completion of our programmes, we received written evidence of that, that fact, from, first of
5 all, from the, from Armscor in March 2007, which confirm that the DIP programme had been completed and fully discharged. That was followed shortly, by the letter from the DTI, confirming that the NIP obligation had been fully completed and discharged. Then, the third
10 element was a letter from Armscor, saying that because both the NIP and the DIP obligations could be considered as complete, then the bank guarantee, which was associated with potential penalties for failure, could in fact, be cancelled.

ADV RAMAGAGA: And you state, in your evidence that even after the discharge of your obligations, the South African economy is continuing
15 to receive benefits, through companies that continue to operate here and do work that was initiated through the NIP's and DIP's.

MR EDGE: Chair, yes, that is correct. I confirm that.

ADV RAMAGAGA: And, and also, in the annexures, we also deal with companies, which could not proceed, because of the economic climate
20 and so forth, would you like to highlight that to the, to the Commissioners?

MR EDGE: Industrial participation is, is something, which is an unusual form of business. Because if, if somebody has a good project that is going to stand on its own two feet, it does not need industrial
25 participation to succeed. He can go to a bank and get, and get finance,

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without any, any assistance. Where industrial participation comes in, is that we can look at perhaps, the more riskier programmes that still have a chance of succeeding, but are maybe not looked at too favourably, by the banks and finance houses. Or they do not have the ability to, to market in the world wide. So, it is, it is, how it is, forgive me, but I use the expression sometimes it is like kissing frogs. You know, sometimes you will kiss them and they will turn into princesses or princes, I do not, and sometimes you will kiss them and they will stay as frogs. So, the reality is that some programmes do go forward and they are successful and they, they have a great long, long business life. But, some programmes are not so successful. There is this element of risk, associated with, with industrial participation. So, some, some are not so good.

ADV RAMAGAGA: Now, in the allegations, raised by Ms De Lille in her submissions, amongst others, she talks about non-enforcement of participation and discharge of obligations. Would you like to say anything about that?

MR EDGE: Firstly, looking at the paragraph 4.3 of, of the De Lille presentation. Sorry, at 4.2, first of all, I can confirm that the word, in fact, penalty, penalties required, in our contract for the NIP and the DIP. Now, those penalties were never exercised. Although some of the performance was outside of the contractual period. Now, the contract clause was written in such a way that, had the penalty been applied, that would have discharged the obligation completely, which would not have given the benefits to the South African nation that the industrial

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participation was geared to. So, the, the view of the DTI, in my opinion was that it was better to go ahead, without the penalty. Let the, let the business continue. Let the programmes develop. Let the employment be created, rather than taking a much smaller value of penalty.

5 ADV RAMAGAGA: Now, it is, it is also correct that the, in respect of the DIP's in particular, the suppliers had a choice to [indistinct] to projects that would create employment and create a better economic atmosphere for South Africa. Or to, instead of doing that, to pay the five per cent contract price in lieu of creating jobs. A choice that was made
10 by you, and when I say you, I am saying you and whoever was involved within the subcontractors. What choice did they make, in respect of the DIP's?

MR EDGE: I believe that the NIP, sorry, the DIP was discharged, in line with the contracts. So, so this did not arise.

15 ADV RAMAGAGA: Okay. Alright. Now, I would like to draw your attention to a document that is marked A6 in the addendum bundle. Now, have you found the document?

MR EDGE: I found it.

ADV RAMAGAGA: Alright. Now, that document that I am directing
20 your attention to is the minutes of the first DIP review meeting, held in October 2000. Now, it is correct that in terms of the NIP and DIP agreement, there was supposed to be six monthly meetings, to review progress and cut, and chart the way forward, with regard to the NIP's and DIP's. Am I correct?

25 MR EDGE: I confirm, that is correct.

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ADV RAMAGAGA: And in terms of this document, on the attendance record, there are names of people that, that attended, on behalf of Agusta. They are listed as R Macchi, or R Macchi, G Andreis and M Regoli. Were they the employees of Agusta? Do you know?

5 MR EDGE: Chair, yes. They were indeed the employees of Agusta, responsible for the programme, at that stage. I must point out though, that all three of them, are no longer with the company. They have all retired.

ADV RAMAGAGA: Do you know, as to whether, at any stage, Agusta
10 never honoured its obligations and responsibilities, towards these meetings that were supposed to be held, six monthly?

MR EDGE: On the contrary, the meetings were held really just every six months for both the DIP and the NIP programmes. I think, there was an alternation between South Africa and Italy, for the performance of
15 those meetings.

ADV RAMAGAGA: Alright. Just, just before we conclude, the Mr, Colonel Viljoen led evidence to the effect that the project team did undertake an overseas trip, to visit the potential suppliers. Those were people that have been invited to, to bid. Can you confirm that such a
20 visitation did take place, to your company and also did take place, in respect of any of your, your sub, or your proposed subcontract bid companies?

MR EDGE: Chair, I can confirm that from the evidence of, from documentation I have seen that the visits did take place and they, they
25 were also to, to the other two competitors that were in the final stages of

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the selection process.

ADV RAMAGAGA: Now, I would like to draw your attention to a document, marked A1 and, and that document is actually part of the submissions that were made by, from Paul Holden and Feinstein. Now, 5 in terms of the allegations, the allegations that relate, or impropriety allegations that are made by these two, in relation to Augusta, appear on pages 182, 185 and 188 of that document that you have before you. Shall we then start off with the page 182?

CHAIRPERSON: Ms Ramagaga, can you just remind me who made 10 these allegations, you know, the ones, which appears there on annexure A1.

ADV RAMAGAGA: Annexure A1, it is Paul Holden and Feinstein.

CHAIRPERSON: Thank you.

ADV RAMAGAGA: May I then proceed, Chair? Thank you. On, on 15 the first page, the submission made, is that while it seemed as if there was no impropriety, on the part of Augusta. However, from information that they have received and part of it was received from the competitor, Bell-Textron is that the, there was actually undue conduct, on the part of Augusta, with regard to this bid. Do you have any comment to that? The 20 paragraph that I would like to draw your attention to, is the one that is just, starts just below that table, which reads:

“However one of the bidders, Bell-Textron, a United States company, bidding from their Canadian office and with the diplomatic support of Canada itself, believed that the selection process was not conducted 25 fairly. A number of figures, attached to the Bell bid have indicated that

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not only were the figures manipulated in ensuring that Agusta emerged the preferred bidder, but that this was done by means of inducements offered by Agusta to connected political individuals.”

Are you able to respond to that allegation and if you are, please go
5 ahead, Sir?

MR EDGE: Chair, I, I find it difficult to, to accept the accusation. If you look at the detailed evidence, as being given by, by Armscor and the Air Force, you can see, there is a very comprehensive selection process that went through, to look at the technical aspects. Clearly, there is a
10 financial aspect to the project as well. The total project price was significantly cheaper for our product, than the other competitors. I do not see how this comment has any relevance to the reality, of the selection process itself.

ADV RAMAGAGA: Alright. Also, now, turn to page 185. Now, on
15 page 185, 185 of the same document, the document, now on page 185, there are several allegations. The allegations are that the, the phones of Bell-Textron were tapped and as a result information, relating to their offsets was then used in the bid. As well as the, an allegation that the Scorpions were suspicious of the relationship between FBS and Agusta
20 and that FBS was believed to have been paid some amounts unduly, by Agusta. You have, I have, this document has been brought to your attention, during the consultations. Would you be able to respond to the allegations, contained in this page?

MR EDGE: Chair, yes, I can respond. On the, on the phone tapping, I
25 find it, I just, I am lost for words. I just cannot think how, how that

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accusation could even be considered. It is something that we just, I am not even sure we have the ability, let alone, the desire to do such a thing. So, I, I am sorry, but it is just, that is just pure fantasy. With regard to the, our relationship with the company, Futuristic Business Solutions, I can confirm, yes, there was a relationship, between our organisations. Unfortunately, with the statutory regulations of, of accounting, within, within Italy, we only need to keep records, purchase orders invoices for a 10 year period and all of the activities, related prior to 10 years. But, we can confirm that we did have some transacted business. However, we can clarify also, that the, that there was a legitimate activity that was performed on our behalf, by Futuristic Business Solutions. Basically, a lot of the data that is provided with aircraft these days and ours is no exception is provided in electronic format. This data is required for the maintenance of the helicopters. So, it will be the, the spare parts listing. It will be the technical publications, the maintenance requirements, et cetera. Now, the South African Air Force had, had a computerised system, their logistics system, which was ready to accept this. But, unfortunately, the, the data was not compatible with, our data was not compatible with the South African Air Force system. So, we provided a purchase order, to, or we transacted Futuristic Business Systems, to provide the relevant experts, local, local people, with local knowledge of the South African Air Force system, so that they could take our data and, and interpret that data, so it fitted cleanly into the, into the Air Force system. So, I think, if, if anybody has any doubts, they can, they can talk to the Air

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Force. There was the Air Force that signed off the activity that was performed by, by FBS. So, I think, once again, I think, there is, some of the comments in this report are quite mischievous in, in what they are saying.

5 ADV RAMAGAGA: Alright. Thank you. The, the balance of the allegations, negative allegations in this document would not be much of your concern, because that involves the activities of, of Armscor. Now, I would like to take this opportunity to take you to page, to a document marked four, A4, in that bundle. Now, bearing in mind that there were
10 allegations that there was some sort of an undue, perhaps, relationship between you and Armscor or the decision makers and taking into consideration the normal practice, the norm, in respect of matters, relating to the bids of armament. There is this letter, A4, dated 12 August 1998, written by ACS, but wherein ACS is actually requesting for
15 a moratorium of non-communication with the project team members to be lifted, so that you could be able to then engage with the team or Armscor, in order to prepare for the NIP and DIP presentation. Would you like to comment on this?

MR EDGE: Chair, yes. It is, it is, I think, it is a normal, normal
20 procurement practice, when a competitive process is undertaken, by an authority such as, such as the South African government. That, there comes a certain point in time, where it is not possible to actually talk with the, with the procuring body, with the, with the customer. So, I think, it is, it is, there have been some, some allegations that, that some
25 additional meetings took place. But, if that was the case, then why

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would we need to, to formally request to lift the moratorium. I do not understand the, the allegations. Because, you know, we, we have strong corporate guidelines, associated with our conduct in such contract matters. You know, we would not risk such a thing, because if, 5 if we did something of that nature, then clearly, we would risk, being declassified from the competition and it would have an impact on our international reputation. So, it is, it is just, it just would not happen.

ADV RAMAGAGA: Alright. Thank you. Then, I see, on the following page that there is actually a notice of upliftment of the moratorium, but 10 subject to certain conditions. Now, can you indicate to the Commission, as to whether, prior to that upliftment, was there any communication between you and Armscor, or the team members?

MR EDGE: Regrettably, we are going back a long time now and I do not personally have that kind of figurative knowledge. But, normally, 15 what would happen in, in a situation of this type is that each party, the supplier and the customer, would have nominated points of contact, through which, there would be a formal flow of communications. So, I can, I can imagine that there would be such a, such a formal channel of communications. But, this, this, other than that, I cannot imagine it, 20 being anything. But, I have no personal knowledge.

ADV RAMAGAGA: Thank you. Now, the last document that I would like to take you to is the A2. The witness has already confirmed that their company was also visited by the, the document is A2, on that bundle. It is the second one. The witness has already confirmed that 25 the project team did actually visit, amongst others, their, their company.

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Now, the purpose of that document, Commissioner Musi and the Chair, is just to indicate to you, as to which companies were visited, in the light of the allegations that there seemed to be an unholy relationship between Agusta and Armscor. Now, will you just read into the record as to, according to this document, which, which companies were actually
5 visited, please?

MR EDGE: Alright. Chair, the, the nominated companies visited were Westland Systems, ITEC exhibition, Eurocopter, CAE, Pratt and Whitney, Bell Helicopter and Agusta.

10 **ADV RAMAGAGA:** Alright. Thank you. Shall we then revert to your statement? We are now on the last page of the statement. In conclusion, what remarks would you like to make, from your remarks?

MR EDGE: Okay. I just would like to say, say, Chair, that it has been, been an honour for the company to, to work with the South African
15 Defence Forces on this programme. We are happy from our side that a fair and open and very rigorous competition took place that we were the, the successful candidate. We discharged the obligation. Those aircraft are now in the, and have been for the last 10 years or so, in operation with the South African armed forces. We have completely met all of our
20 DIP obligations or our NIP obligations and as, as mentioned earlier, a lot of those programmes are still producing benefits for the South African nation today. So, from our side, you know, we look upon this as being a successful programme.

ADV RAMAGAGA: Now, evidence has been, has been led that, and
25 you have also agreed to that that in the beginning, you were actually

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more inclined to support the Pratt and Whitney engine, as against the Turbomeca, because of the development, the state of development and so forth. Now, in hindsight, what is your comment, with regard to the product that you have since developed, with the integration of the
5 Turbomeca engine?

MR EDGE: I cannot, sorry, Chair, I cannot go onto too many technical details. But, just to point out to some of the facts that this variant of the A109 helicopter, the A109LUH, which is in the South African Air Force, it is also in the Swedish armed forces, the Malaysian armed forces, the
10 Nigerian armed forces, the New Zealand armed forces. It is the same engine, fitted to all of them, the same engine specification. It is the Turbomeca engine.

ADV RAMAGAGA: Alright. Now, one of the recommendations that the Commissioners expected to make, relates to whether the contracts
15 should be cancelled or not. Now, do you have any contribution to make, in that respect?

MR EDGE: Chair, I see that there are some clauses in the contract, which relate to bribery and corruption and also, I am aware of the, the suggestion that the contract should be cancelled and the products
20 returned to, to Italy, in exchange for the money. These are academic questions. I mean, there have been no convictions of, of irregularities. There have been no charges. There have not even been allegations in our instance of such a thing. So, it is an academic question. We can respond with an academic answer to an academic question, is to say
25 that it would be extremely impractical, to even think about such a thing.

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You know, the aircraft have been here, in operation, for 10 years. It is embedded in the, in the defence forces of the nation. So, I just think it would be an impractical, impractical solution or outcome. But, it is an academic point, so.

5 ADV RAMAGAGA: Alright. Thank you, Sir. I had said concluding remarks. But, I have just noticed that I have inadvertently, not dealt with one of the annexures in the bundle that addenda bundle. It is A5. Now, A5 is introduced into the evidence also, for the purpose of assisting on the perception or the allegations that Agusta seemed to be having an
10 improper relationship with Armscor and it would have influenced it, in some way or the other. Could you just comment on that, because that is a letter that was written by Agusta, about the concerns they did have, with the relationship, between its competitor and Armscor, and Denel, I beg your pardon.

15 MR EDGE: Okay. Chair, I think, the, the point that this raises is that from, from the evidence before us, that the, it seems that there was an exclusive agreement, which was made, between one of the competitors and, and Denel. Now, taking into consideration that Denel is the prime aviation company of, of the African continent. How, how can we, as a
20 competitor, how can we engage with anybody else, to create NIP, DIP programmes, in particular? It just seems that it was such an unfair thing. I can understand companies, having contractual relationships, agreements with Denel. But, for it to be an exclusive agreement, thereby excluding the other two competitors, seems, seems grossly
25 unfair. Now, obviously, that situation was changed, because at the end

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of the day, we were the successful company and we did engage in, in a relationship, a very meaningful relationship and effective relationship with Denel. But, at this stage, it was, we thought it was very unfair that we should be subjected to that kind of situation.

5 ADV RAMAGAGA: Thank you, Mr Edge. Chair, that concludes the evidence of Agusta.

CHAIRPERSON: Thank you. Any cross-examination? Thank you. Any re-examination?

ADV MPHAGA: No. No, thank you, Chair.

10 CHAIRPERSON: Thank you.

ADV RAMAGAGA: That concludes the evidence. That is the only witness that was called for Agusta and no other witness is going to be called, Chair.

CHAIRPERSON: Thank you. Any re-examination?

15 ADV RAMAGAGA: No re-examination, Chair.

CHAIRPERSON: Thank you. Mr Edge, thanks a lot for coming to give evidence and I am sure that the evidence that you have given to this Commission, will assist us to a very great extent, to carry out our, our mandate. Thanks a lot for [indistinct] come, despite the fact that we did
20 not subpoena you. I am sure that even we tried to subpoena you, as other witnesses, had already noticed, we do not have an international jurisdiction. We would not have succeeded. You came on your own and thanks a lot for that.

MR EDGE: Sorry, it is my pleasure. Thank you. Thank you for the
25 opportunity.

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CHAIRPERSON: Thank you. If that concludes the evidence, then we will adjourn and we will come back on Monday. I think the sitting is at Centurion on Monday, because we are going to deal with the cross-examination of Dr Young. Thank you. We will now adjourn.

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(COMMISSION ADJOURNS)

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