

OVERVIEW OF THE EVIDENCE OF MR. ESTERHUYSE

1. Introduction

Having commenced employment with Armscor in June 1971, Mr. Esterhuyse was involved in the SDPP from January 1997 to August 1998. From 1992 Mr. Esterhuyse was responsible for Armscor aeronautical, maritime and electronic procurement programs. Mr. Esterhuyse left Armscor in November 1998.

2. The prevailing conditions prior to the SDPP

2.1 Mr. Esterhuyse will discuss the prevailing conditions prior to the SDPP.

2.2 Mr. Esterhuyse will touch on the development of the defence procurement system in South Africa during the period 1964 to 1996 and explain the hybrid system and its origins. He will also set out the formation of the Minister of Defence Acquisition (MODAC), in which he was the Armscor representative.

2.3 An important aspect of the prevailing conditions prior to the SDPP is the lines of communications within the Defence family, therefore Mr. Esterhuyse will explain the interaction between SANDF, the Defence Secretary and Armscor.

3. UK engagement phase (January 1997 to August 1997)

3.1 Mr. Esterhuyse will discuss the background meetings that took place with the Minister of Defence, the Chairman of Armscor and a team from the UK called the UK Defence Equipment Service Organisation (DESO) which later led on to the idea of the strategic defence packages.

3.2 In order to manage the interaction with DESO, an SDP Management Committee was set up. Mr. Esterhuyse will discuss the structuring and objectives of the SDP Management Committee. This Management Committee was replaced by SOFCOM.

4. Management Committee

4.1 Mr. Esterhuyse will elaborate on the Management Committee's mandate and rules, and the lines of communication during the Management Committee's activities.

4.2 Mr. Esterhuyse will also talk about the approval to proceed with a multi-tender SDPP. In doing so, he will discuss the various Council on Defence and Armscor

meetings and what transpired from these meetings affecting the SDPPs.

5. Supplier selection phase

- 5.1 Mr. Esterhuysen will discuss the constitution of SOFCOM and the role that SOFCOM played in the SDP. He will also discuss some of the outcomes that came out from some SOFCOM meetings, and how these affected the SDPPs.
- 5.2 The involvement of other bodies in the SDPP process, including Armscor's board, the AAC and Council on Defence will also be dealt with.
- 5.3 An important aspect of Mr. Esterhuysen's evidence on the supplier selection phase revolves around the value equations applicable during the SDPP. Mr. Esterhuysen will discuss how a criterion for DIP was developed, the original value equation which was approved by the Armscor board and the subsequent variation of that value system.
- 5.4 Mr. Esterhuysen will round off this aspect of his evidence with a discussion of the Special Ministerial briefing that took place on 31 August 1998 and the audit report he requested prior to leaving the employ of Armscor.