



2nd floor, Hillside House
17 Empire Road, Parktown
Johannesburg

2193

Tel: (010) 214-0651

Email: inquiries@sastatecapture.org.za

Website: www.sastatecapture.org.za

JUDICIAL COMMISSION OF INQUIRY INTO ALLEGATIONS OF STATE CAPTURE,
CORRUPTION AND FRAUD IN THE PUBLIC SECTOR INCLUDING ORGANS OF STATE

INDEX TO STATEMENT: MR LUNGISA FUZILE

ITEM NO.	DESCRIPTION	PAGE NO.
1.	Index of the Statement by Mr Lungisa Fuzile	1
2.	Statement and Table of Contents of Mr Lungisa Fuzile	2-22
3.	Annexures to the Statement of Mr Lungisa Fuzile	23-65
4.	E-mail from Mabunda Inc to Lucky Thekisho Inc on behalf Mr Ian Whitely including the Rule 3.3 Notices and proof of service	66-71
5.	E-mail from Mabunda Inc to Lucky Thekisho Inc on behalf of Mr Des Van Rooyen including the Rule 3.3 Notices and proof of service	72-77
6.	E-mail from Mabunda Inc to Piet DuPlessis on behalf of Mr Mohamed Bobat including the Rule 3.3 Notices and proof of service	78-83

**JUDICIAL COMMISSION OF INQUIRY INTO ALLEGATIONS OF STATE
CAPTURE, CORRUPTIONS AND FRAUD IN THE PUBLIC SECTOR INCLUDING
ORGANS OF STATE**

TESTIMONY OF MR LUNGISA FUZILE

INDEX OF THE STATEMENT

ITEM	DESCRIPTION	PAGE
1.	Table of Contents	1
2.	Introduction	2
3.	The structure of the statement	2 – 3
4.	My tenure at the National Treasury	3
5.	The removal of Mr Nhlanhla Nene	3-4
6.	The appointment and swearing in of Mr Van Rooyen	4 – 6
7.	The swearing in and my first encounter with Mr Bobat	6 – 10
8.	The process for appointing Ministerial Advisors	10-13
9.	Mr Van Rooyens and Advisor at the Treasury	13 – 15
10.	The meeting with Exco, Mr Van Rooyen and his team	15 – 18
11.	My conversation with Deputy Minister Mcebisi Jonas	18 – 20
12.	My conclusion regarding Mr Van Rooyen and his Advisors	20 – 21
15	Annexure "LF1"	22-31
16	Annexure "LF2"	32-65

**IN THE JUDICIAL COMMISSION OF INQUIRY INTO ALLEGATIONS OF STATE
CAPTURE, CORRUPTION AND FRAUD IN THE PUBLIC SECTOR INCLUDING
ORGANS OF STATE**

STATEMENT

TABLE OF CONTENTS

INTRODUCTION	2
THE STRUCTURE OF THE STATEMENT	2
MY TENURE AT THE NATIONAL TREASURY	3
THE REMOVAL OF MR NHLANHLA MUSA NENE	3
THE APPOINTMENT AND SWEARING IN OF MR VAN ROOYEN	4
At the Treasury on 10 December	4
The swearing in and my first encounter with Mr Bobat	6
THE PROCESS FOR APPOINTING MINISTERIAL ADVISORS	10
MR VAN ROOYEN AND ADVISORS AT THE TREASURY	13
The meeting with Exco, Mr van Rooyen and his team	15
MY CONVERSATION WITH DEPUTY MINISTER MCEBISI JONAS	18
MY CONCLUSIONS REGARDING MR VAN ROOYEN AND HIS ADVISORS	20

I,

LUNGISA FUZILE

state as follows:

INTRODUCTION

1. I have consulted with the legal team of the Commission of Inquiry on State Capture ("the Commission") chaired by Deputy Chief Justice Raymond Zondo and have agreed to provide this statement to assist the Commission in carrying out its investigation.
2. Most of what I experienced, saw or was party to is interconnected and would probably make more sense when told as one complete and comprehensive story, albeit a long one. However, as requested by the Commission, this statement responds exclusively to paragraph 1.8 of the Terms of Reference for the Commission.
3. Should the Commission wish to provide evidence in relation to other aspects of the Terms of Reference, I would avail myself.

THE STRUCTURE OF THE STATEMENT

4. I begin the statement with a summary of my tenure at the Treasury.
5. I then describe the removal of Mr Nhlanhla Musa Nene on 9 December 2015, what many now refer to as 9/12 at Treasury.
6. I proceed to explain the events that took place when Mr David (Des) van Rooyen was appointed.
7. I set out the rules governing the appointment of advisors and the process normally followed in appointing advisors and their normal role in a department before explaining, in some detail, what happened with Mr van Rooyen's advisor/s in the short

time he had been announced as Minister of Finance.

8. I conclude with my views regarding the appointment of Mr van Rooyen and his advisors.

MY TENURE AT THE NATIONAL TREASURY

9. I worked at the National Treasury for a full 19 years. I joined the department in 1998 and left in 2017.
10. At the time of my resignation I had been the Director-General (DG) for 6 years. I left a year before I completed my second term (of two years) as the DG, which was due to end in May 2018.
11. I'll also explain the events that culminated in my early exit from government.

THE REMOVAL OF MR NHLANHLA MUSA NENE

Early part of 9/12

12. On the 9th December 2015, then Minister of Finance, Mr Nhlanhla Musa Nene and I (as the Director-General) attended a meeting of the Cabinet. We were accompanied by Mr Dondo Andrew Mogajane and Mr Michael Sachs, both gentlemen were Deputy Directors-General for Public Finance and the Budget Office, respectively.
13. Mr Nene was going to present the national Medium Term Expenditure Framework (MTEF) for approval by the Cabinet. The MTEF is a set of three-year allocations to national departments that are the basis for the final national budget (the Appropriation Bill) that gets tabled in Parliament on Budget Day each year with other budget documents.

The news about removal of Mr Nene

14. After the Cabinet meeting we (the officials excluding Mr Nene) went back to our offices at the Department (40 Church Square) where we shared what had transpired,

This was normal practice.

15. Later, around 18h30, as I was driving home, I received a short message from Mr Nene which simply said *"the axe has fallen"*. I changed direction and drove towards Mr Nene's official residence in Pretoria. On my way I received other calls which do not have relevance to the work of the Commission per se.
16. The story was then aired in the media more than an hour later, when the Presidency made a public announcement around 8pm, announcing that Mr David van Rooyen was to be appointed the Minister of Finance.
17. That evening I received a call from Mr Enoch Godongwana who said *"you are now going to get a Gupta minister who will arrive with advisors"*.
18. I asked him to elaborate what he meant. He said I should watch it; my new Minister is likely to come with advisors he does not know. They would be "given" to him by the Guptas. I was perplexed to say the least.
19. He concluded by suggesting that I should talk to my then colleague Dr Thibedi Ramontja who was the DG at the Department of Mineral Resources (DMR). I never got to talk Dr Ramontja about this.

THE APPOINTMENT AND SWEARING IN OF MR VAN ROOYEN

At the Treasury on 10 December

20. In the morning of 10 December I went to work early. I had observed that the Rand was taking a serious pounding and the stock market was shedding value at a pace I had not seen in a very long time.
21. I recall walking into Mr Nene's office and finding him packing his books and other belongings. One or two other colleagues were coming in and out of the office. I remember vividly that at one point Mr Nene paused and spoke to those of us who were there. He said that we should continue to do our work and that the country

needed a strong Treasury.

22. I remember calling Mr van Rooyen to speak to him and congratulate him. During the call, I indicated to him that I was going to put him on speakerphone so that our head of communications Ms Phumza Macanda, could be part of the discussion, and introduced her. I encouraged him to consider two things:
 - 22.1. First, to try and get to the department early (sometime before his inauguration which was at 11 am) so that he can meet Mr Nene and so that, together, they can address staff: for out-going Minister Nene to say his good byes and the Minister-designate to introduce himself and to essentially calm them.
 - 22.2. Second, I had asked him to seriously consider issuing a media statement as soon as he possibly could, possibly after his inauguration. I was suggesting this because it was evident that the market reacting adversely to the untimely removal of Mr Nene (18 months into his first term as Minister) and they now anticipated: an imminent breakdown in fiscal discipline; procurement of nuclear and the weakening of Treasury as an institution.
23. He turned down both of these suggestions. On the contrary, he sternly told me that our (officials of the Treasury) tendency to issue statements has to come to an end.
24. I was surprised by what really seemed to be a prejudiced view of us as members of staff of his new department, especially in view of the fact that, while we were not friends, we (Mr van Rooyen and I) had known one another for some time as he was a long-standing member of the Standing Committee on Finance (SCOF) in the National Assembly from 2009 right up to his appointment as Minister in 2015. This was the Committee that had oversight over the National Treasury as a department and entities reporting to the Minister of Finance like SARS, then FSB, PIC, GEPI, over and above processing tax, financial sector, anti-money laundering, financial governance and management legislation. I engaged with Mr van Rooyen many times

over those years at hearings of SCOF, including for our annual strategic plans, annual reports and over broader economic policy.

25. I was disappointed that he was going to miss an opportunity to be seen by the staff with his predecessor (Mr Nene) which I thought would make for a good start in his new role, especially because although there had been much speculation about the change of Ministers it had not seemed believable.
26. Further, I was perturbed that the new Minister seemed oblivious to the near catastrophic consequences that had been triggered by the developments of the previous day and appeared not to appreciate that HE, among others, had to do something to stave this off.
27. I may have voiced some of these concerns with some of my colleagues at the time.

The swearing in and my first encounter with Mr Bobat

28. On Thursday morning, 10 December 2015 I received a call from a female official (whose name I can no longer remember) who said she worked at the Presidency. She said she had been asked to invite me to the swearing in of Mr van Rooyen as Minister of Finance, which was scheduled to take place at 11am that day, at the Union Buildings.
29. Shortly before 11 am I arrived at the Union Buildings for the swearing in. On my arrival at the venue the first person I found standing at the door was a person who introduced himself as Mr Mohamed Bobat ("Mr Bobat").
30. He introduced himself as the "advisor to Mr van Rooyen". At that point I was rather surprised by his attitude and approach for the following reasons:
 - 30.1. First, as the DG (the accounting officer) of the Treasury I had not signed any papers appointing him to the position he claimed to hold (later I explain the process followed to appoint ministerial advisors). Yet there

he was telling me he was the advisor (not the advisor-to-be or anything of the sort), and even before the new Minister had informed me. While Ministers have discretion as to who they appoint as advisors, the DG is central to the formalisation of the process.

30.2. Second, this was one of the points at which it occurred to me that Mr Godongwana may have been right when he said to me in the previous evening that I was going to receive "a Gupta Minister who will arrive with advisors".

30.3. Third, I was shocked that a person designated to become Minister about 15-17 hours earlier, in the evening, already had "an advisor". In the years I have worked in government (about 2 decades) I had never seen such a speed in appointing an advisor.

31. As far as I can remember, at the time I encountered Mr Bobat the following persons from the Treasury were present:

31.1. Ms Phumza Macanda who was in the Communications section; and

31.2. Ms Yolisa Tyantsi also from Communications section.

32. I am not in a position to tell whether they heard and followed everything that Mr Bobat and I were discussing.

33. Mr Bobat wasted no time in issuing instructions to me. He told me to draft a statement that Mr van Rooyen would release after being sworn in. In his own words, he said "I'd require a statement from you to be issued by the Minister".

34. I asked him to check with Mr van Rooyen if he would want such a statement from me. I found it very strange that the "advisor" was demanding a statement from me while the Minister-designate had told me bluntly that he did not want a statement from me. At that point I started to observe that:

34.1. Mr Bobat did not care about protocol and civilities at all. He appeared

determined to assert authority over me. He was not bothered that he was not an employee of the department and that his role had never been explained to me by anyone else other than himself.

34.2. Mr Bobat felt such a sense of authority and empowerment that he could issue instructions to anyone without first checking with the person (the Minister-designate) on whose behalf he purported to act. He gave me an impression of being a law unto himself.

34.3. As it happened on that occasion, he issued an instruction that was the direct opposite of what the Minister (his principal) wanted. I state this as a matter of fact because the Minister-designate had said he did not want a statement from me/us.

35. Mr Bobat also told the Communications Head, Ms Macanda that henceforth ALL communication would go through him. Again, he had not bothered to check the communication policy in government and in Treasury. The communication policy of the department does not provide for an advisor issuing instructions to officials on matters of communication.

36. He certainly did not know how we managed communication nor did he ask. Yet he felt empowered to issue this directive. Despite being unaware of the communications policy or the effectiveness of the system within the department, he felt he could change it in a manner that placed him at the centre of things of which he had no knowledge and he ought not to have involved himself in. I found this cavalier attitude to very important issues deeply disconcerting.

37. When Mr van Rooyen arrived at the Union Buildings, Mr Bobat approached him and they greeted. At some point I could hear Mr Bobat complaining that Mr van Rooyen had not answered his calls. I could hear Mr van Rooyen saying something to the effect that he did not recognize his (Mr Bobat's) number and that is why he did not take his call. This seemed to suggest to me that they either

did not know each other or had not known each other for long enough to have exchanged telephone numbers.

38. The ceremony took place quickly. Shortly thereafter Mr van Rooyen read a statement that he took out of his pocket. Neither I nor any Treasury official had any role in preparing it and only he only knew where it came from. It said nothing about the following issues which had been troubling the nation, investors, markets and rating agencies, viz

- future direction of fiscal policy (expenditure, taxation or the deficit);
- nuclear procurement programme;
- challenges of education funding.

In a context where the country and the world had real concerns about the state of the economy, the falling value of the rand and the need for policy continuity, I found this to be disturbing. His statement did not seek to calm investor or market fears, which would impact directly on the ability of the state to raise funding to pay for the delivery services to our people. And this from a Minister who was supposed to have a good understanding of fiscal policy and the economy, having served on the Standing Committee on Finance (SCOF) from 2009 to 2015.

39. Instead he talked about *"demystifying or opening the Treasury and taking or opening it to the people, including in rural areas"*. The recording of Mr van Rooyen's speech is available at the following internet site: <https://www.youtube.com/watch?v=k2mz7T9JGIA>.

40. After he finished his speech, he walked out with the President. When he came back to us waiting outside, Mr Bobat, who was in front of me, shook his hand. I followed and put out my hand to congratulate him, but was surprised when he ignored me and walked away instead. His statement, and his attitude towards Treasury, officials appeared to suggest that he was dissatisfied with the

department and he was going change its way of doing things or approach to policy.

THE PROCESS FOR APPOINTING MINISTERIAL ADVISORS

41. In light of the requirements of paragraph 1.8 of the terms of reference of the Commission, it is important to summarize the rules governing the appointment of advisors. The appointment of Ministerial advisors is governed by the Ministerial handbook and the Public Service Act of 1994 (PSA).

42. In summary:

42.1. Ministers are appointed by the President who makes an announcement and then Ministers get sworn in. Often these two steps: the announcement and the taking of the oath do not happen at the same time. Until a Minister is sworn in s/he is a Minister-designate and cannot legally exercise the powers associated with the job. It goes without saying that no one can be an advisor to a Minister who is yet to take up his role formally.

42.2. Cabinet determined in terms of section 12A(2) of the PSA that Ministers are entitled to two Special Advisers.

42.3. Section 12A of the PSA provides as follows:

12A Appointment of persons on grounds of policy considerations

- (1) Subject to this section, such executive authorities as the Cabinet may determine may appoint one or more persons under a contract, whether in a full-time or part-time capacity-
 - (a) to advise the executive authority on the exercise or performance of the executive authority's powers and duties;
 - (b) to advise the executive authority on the development of

policy that will promote the relevant department's objectives; or

- (c) to perform such other tasks as may be appropriate in respect of the exercise or performance of the executive authority's powers and duties.

- (2) The maximum number of persons that may be appointed by an executive authority under this section and the upper limits of the remuneration and other conditions of service of such persons shall be determined by the Cabinet in the national sphere of government.

- (3) The special contract contemplated in subsection (1) shall include any term and condition agreed upon between the relevant executive authority and the person concerned, including-

- (a) the contractual period, which period shall not exceed the term of office of the executive authority;
- (b) the particular duties for which the person concerned is appointed; and
- (c) the remuneration and other conditions of service of the person concerned. (own emphasis)

42.4. Among other things, the Dispensation for the Appointment and Remuneration of Special Advisers (the Dispensation), determined by Cabinet (attached as Annexure "LF1") directs that the Executive Authority must ensure that Special Advisers obtain the necessary security clearance before appointment. Any deviation from this requirement must be submitted to the President.

42.5. The Dispensation, in view of section 12A(1) of the PSA states that

advisors assist the Executive Authority (the Minister) in the exercise of his/her powers and the execution of his/her duties.

- 42.6. It goes on to say that *"there shall be no relationship of authority between the Special Adviser and the Head of Department (the Director-General) in most cases. (paragraph 7 of the Dispensation)*
- 42.7. A Special Advisor *"shall direct his/her inputs to the Executing Authority and refrain from interfering in the administration and management of the department, which in law is the function and responsibility of the Director-General". (paragraph 7 of the Dispensation)*
- 42.8. Advisers are not allowed to be on statutory boards, councils or similar bodies. (paragraph 8 of the Dispensation)
43. In addition to all of the above, Ministers always need to check with the department, [the DG (the accounting officer)] whether there are enough funds to pay the salary and other costs associated with the hiring and functioning of the advisor. Failure to go through this step risks creating unauthorized expenditure, that is, forcing the department to spend money it does not have.
44. While Ministers are free to appoint a person of their choice as advisor, they are expected to appoint good, fit and proper persons. By good persons one means people who:
 - 44.1. Care to understand the culture in the department they join so that they can fit in and make a positive contribution to the workings of the department.
 - 44.2. Take time to try and understand their role and how to play it effectively to complement the Minister's strengths or compensate for his/her weaknesses.
 - 44.3. Decent and honest people who respect protocols (written and unwritten) and are law-abiding.
45. Persons who do not evince these qualities do not belong to the civil service, especially

the Treasury, which deals with many constituencies and its work entails handling of market sensitive information (such as changes in taxes, expenditure, approvals, etc) that can be used for personal enrichment or the enrichment of others.

46. The role requires persons of utmost integrity and who do not leak information to persons outside the department to persons who either want to influence policy nefariously or who want to use the information for personal gain.

MR VAN ROOYEN AND ADVISORS AT THE TREASURY

47. On Friday, 11 December 2015 around 10 in the morning I received a phone call from Mr van Rooyen. He asked to meet me at the National Treasury offices at 40 Church Square at 11h00. He also asked me to set up a meeting with all executives who reported to me at 11:15 on the same day. I duly did.
48. When I arrived at his office Mr Jonas was walking out. He looked tense. I asked him if he was going to join us. He shook his head and continued walking towards his office. I found Mr van Rooyen in the company of three gentlemen: Mr Bobat, Mr Ian Whitley ("Mr Whitley") and Mr Malcolm Mabaso ("Mr Mabaso").
49. Mr van Rooyen instructed me to expedite the process of formalising the appointment of Mr Bobat and Mr Ian Whitley as advisor and Chief of Staff, respectively.
50. He also asked me to speed up the process of providing all the three gentlemen he had brought with him with access cards, including Mr Mabaso.
51. In relation to Mr Mabaso, he indicated that I should not worry about capturing his details on our system (PERSAL) because he would not be paid from the department. In his own words "*he will just be around*".
52. At that point I objected to what I found to be inappropriate and suggested that he (Mr van Rooyen) and his advisor-to-be and chief of staff should familiarise

themselves with the Ministerial Handbook so that everything they/we do henceforth would be perfectly in line with what is provided in the law/rules.

53. Mr van Rooyen tried to downplay the matter by telling me that Mr Mabaso was not my problem because in his words: "you are just a DG". I reminded him that the position of the DG is very important. In law DGs are not called accounting officers for nothing. There is a good reason for that title. Ultimately, it is the DG who is accountable. I emphasized that at the Treasury we endeavor to abide by the Constitution, the laws of the country and all rules governing the civil service at all times.

54. Mr van Rooyen also demanded that I furnish him with a handover report by Monday 14 December. I considered this request unreasonable from a Minister to a DG for three reasons:

- 54.1. First, Ministers take over from other Ministers not DGs. While the DG has to assist the Minister and Deputy Minister with putting together a handover report, such a handover report is a matter between two political officebearers.
- 54.2. Second, I had asked Mr van Rooyen to try and make himself available at a time convenient for both him and Mr Nene so that they can talk about the work of the office. This is what Treasury used to try and do every time there was a change of Ministers since Mr Manuel's tenure. It had worked well until that point. Even when Mr Gordhan and Mr Jonas were removed unceremoniously at midnight, they still made time to meet their successors. It is the right thing to do. Mr van Rooyen had flatly refused to continue this tradition. Minister Nene on the other hand, despite the manner in which he had been removed, had agreed to this request.
- 54.3. Third, it was totally unreasonable and abusive for Mr van Rooyen to demand that he needed the report by Monday, just after the weekend.

Given that it was already in the middle of December, many DDGs were already away on leave after a difficult budget process that had almost derailed that year.

54.4. Nevertheless, I agreed to prepare and submit such a report within a reasonable time.

55. During the course of the interaction (over the time we were together in the Department) Mr Bobat had also asked that we should assist with accelerating a process of finding Mr van Rooyen suitable accommodation *"so that he would not be easily accessible to people"*.

56. Later I asked the Head of Corporate Services Mr Stadi Mngomezulu to begin the due process of on-boarding Mr van Rooyen's support staff and the advisor and to take reasonable and appropriate steps to find him accommodation.

57. New Ministers are entitled to being accommodated at the state's cost. It is common cause that this is one of the areas that have caused many Ministers and departments huge embarrassment because of excessive costs that it can entail.

58. The National Treasury or the Department of Cooperative Governance and Traditional Affairs (CoGTA) can provide any information regarding what transpired on these matters. Needless to say, all such issues ceased to be the Treasury's business after Sunday, 13 December when Mr van Rooyen was redeployed to CoGTA.

The meeting with Exco, Mr van Rooyen and his team

59. After the meeting in Mr van Rooyen's office we (Messrs van Rooyen, Whitley, Bobat and I) proceeded to the boardroom where we were going to meet the executive team, mainly comprising of DDGs. Given that it was almost the middle of December some of the DDGs were already on leave. Those who happened to be in Gauteng (like Mr Ismail Momoniat who was also on leave) were able to

come to the meeting while others (like Mr Michael Sachs) were represented by colleagues who were acting in their roles.

60. Mr Mabaso never attended the meeting in the boardroom. He was not seen by everyone, but I recall that three other people had seen him in the Minister's office. These were Mr Mcebisi Jonas (whom I had met leaving the Minister's Office), Mr Marion Geswint and Ms Mary Marumo. Mr Geswint was the Chief of Staff to Minister Nene, while Ms Mary Marumo was his Personal Assistant.
61. I recall that Mr Dondo Mogajane (the then DDG and currently DG of Treasury), Mr Monale Ratsoma (a DDG at the time and now with the BRICS Bank), Mr Stadi Mngomezulu (DDG of Corporate Services) and Ms Mmakgoshi Phetla-Lekhetha (also a DDG at the time who is now with the African Development Bank) were definitely part of what turned out to be a very short and tense meeting. Also in attendance was Mr Fuad Cassim who was the advisor to Minister Gordhan. Mr Momoniat, who had been on leave, arrived a few minutes after the meeting had started, given the short-notice.
62. Mr van Rooyen, who was the Minister of Finance at that time chaired the meeting. He began by indicating that the meeting was going to *"... be very short because it is just meant for introductions and [he] knew everyone"*. It was at that point that Mr Ratsoma put up his hand and indicated that he did not know the Minister and he doubted that the Minister knew him (Mr Ratsoma).
63. I also intervened and asked Mr van Rooyen to allow the meeting to proceed with the introductions because his people (Mr Bobat and Mr Whitely) did not know most people and they were also not known to them.
64. I was also hoping that the meeting would be used to identify pressing issues that required the Minister's attention, including the run on the currency.
65. During the introductions it became apparent that Mr van Rooyen was not fully

familiar with neither the two gentlemen nor the specific roles he wanted them to play, as they had to correct him on their names and new positions. I recall that he said Mr Bobat was going to be the Chief of Staff and Mr Bobat had to correct him that he was going to be the adviser. At that point I again remembered the telephone conversation with Mr Godongwana. Several of my colleagues who were in the room during the meeting had observed the same thing. I know this because we talked about it a lot from that point onwards.

66. At the meeting Mr van Rooyen also said something to the effect that we (the officials) would have to work through the advisors. This I found very inappropriate and deeply disturbing. In all the years I worked at the Treasury we, correctly and appropriately, always had direct access to our successive Ministers and never ever had to work through advisors.
67. I later learnt from the Guptaleaks and the media that Mr Mabaso had been at the Department of Mineral Resources (DMR) as the advisor to Mr Mosebenzi Zwane at the time. It was odd that he also showed up at Treasury with Mr van Rooyen.
68. I could then understand the reason why Mr van Rooyen told me that it was not necessary to complete paperwork in relation to Mr Mabaso. It is because he had a job (possibly full-time) in another Department and could not take up another paid job in the public service. As the picture on state capture was unfolding, I surmised that he was bringing expertise on how to "take over an institution", possibly because he had done it at DMR.
69. I also subsequently learnt (from former colleagues and media reports) that Mr Bobat was connected to Regiment Capital and Trillian, and that in the short period that Mr Bobat was in the Department he shared some classified information (a presentation intended for Cabinet) with people outside government (like Mr Eric Wood). I can only infer that these are people who sought to profit, personally, from such information. A copy of the email is attached as "LF 2". Of

course, we do not know who else got the information once it had landed in Mr Whitley's and Mr Bobat's hands.

70. It is hard to believe that the mere removal of such people was an end in itself. The people who needed to be removed must have become an obstacle to the achievement of certain people's objectives. To me, it cannot be a coincidence that the Gupta brother who spoke to Mr Jonas said they wanted Mr Nene removed and he got removed. It also cannot be a coincidence that the Gupta brother said some of us (listed below) should be removed and when Mr Bobat and Mr van Rooyen resumed their roles they made it their business to be plainly rude and unprofessional. They sought to make it hard or impossible for me/us to remain by making the situation in the department unbearable to us. Indeed, in the short time that they were there, they tried, although they did not succeed. The time I spent with them totaled about 3 hours or less, yet so many negative things had been said or done in that short space of time.

MY CONVERSATION WITH DEPUTY MINISTER MCEBISI JONAS

71. In the late afternoon of Friday, 11 December I had a telephone conversation with Mr Jonas, the Deputy Minister of Finance. He asked that we should meet face to face because there was a lot he wanted to tell regarding what he knew about the removal of Mr Nene and aspects that might shed light on what was likely to happen at the Treasury from that point onwards. We met at a hotel restaurant in Garsfontein area in Pretoria.
72. Mr Jonas told me that earlier, about two months or so (around October), he had ended up at the Gupta home in Saxonwold. He said he was taken there by Mr Duduzane Zuma and one of the Gupta brothers offered him Mr Nene's job and a lot of money (R600 million of which R600 000 was available on the spot).
73. He said Mr Gupta also said many disturbing things about being able to get the

President to do the things he/they (as Gupta brothers) wanted and controlling everything in the government of SA. Mr Gupta also claimed to have many important people working for the Gupta business interests within government and SOCs.

74. Mr Jonas said Mr Gupta wanted him to help expand the Gupta business interests from within government.
75. The Deputy Minister also said Mr Gupta said he should remove/dismiss four of us: Mr Ismail Momoniat (the DDG responsible for tax policy and financial regulation), Mr Kenneth Brown (the first Chief Procurement Officer), Mr Andrew Donaldson (who was running the Government Technical Advisory Centre - GTAC) and myself.
76. I believed everything Mr Jonas told me that late afternoon. It left me deeply disappointed and demoralized.
77. The conversation with Mr Jonas helped me form a good picture about the modus operandi involving ministerial appointments and advisers.
78. The conversation also helped me understand that it was possible that Mr van Rooyen "was given" Mr Bobat and Mr Whitley to help him do whatever he was asked to do at Treasury, including nefariously sharing information with business people and removing some of us from our positions by making it unbearable for us to continue to work at the Treasury.
79. There were clear signs that Mr van Rooyen had not known the gentlemen for long before he brought them to the Treasury. This is why he struggled to remember their names and positions.
80. I was starting to get a picture that there was a connection between what the Gupta's wanted and what the President of the country wanted and was doing.
81. I connected the abrasive manner of Mr Bobat to the possibility that whoever accepted the Gupta offer to be Minister of Finance would have had removing me from the position of DG as one of his first tasks. So, it seemed to me that, Mr Bobat's utter

rudeness was calculated to make the conditions at the Treasury unbearable to me so that I would leave or resign.

82. I also connected the conversation to my encounters with Mr van Rooyen and the impolite and bullying manner described above. I saw all of these to be calculated to create a hostile environment so that I would give up and leave Treasury. That would have paved the way for the appointment of a new DG who would be weak and pliable.

MY CONCLUSIONS REGARDING MR VAN ROOYEN AND HIS ADVISORS

83. With all of the above background in mind I can safely make the following conclusions on Mr van Rooyen and his advisers:

83.1. The "appointment" of Mr van Rooyen's adviser/s (I use plural because he introduced both Mr Mabaso and Mr Bobat as advisers to me) broke many of the rules:

83.1.1. They were appointed before any proper process or background checks could be obtained on them.

83.1.2. Mr van Rooyen did not check whether there was any budget to pay their salaries.

83.1.3. Mr van Rooyen brought along a person (Mr Mabaso) who was employed in another department. One person cannot have two jobs. Given the central role Treasury plays in reviewing other department's policies, especially those with financial implications and in the allocation of resources, it was only a question of time that a conflict of interest would have arisen. I do not know whether Mr Mabaso obtained an appropriate clearance before he was appointed at DMR.

83.1.4. Mr Bobat was issuing instructions to me and to other officials (such as the Head of Communication), yet he was not supposed to

interfere with the work of the DG, as the Handbook clearly sets out.

He did not *"restrain from interfering in the administration and management of the department, which in law is the function and responsibility of the DG. (Annexure F, Clause 7 of the Handbook).*

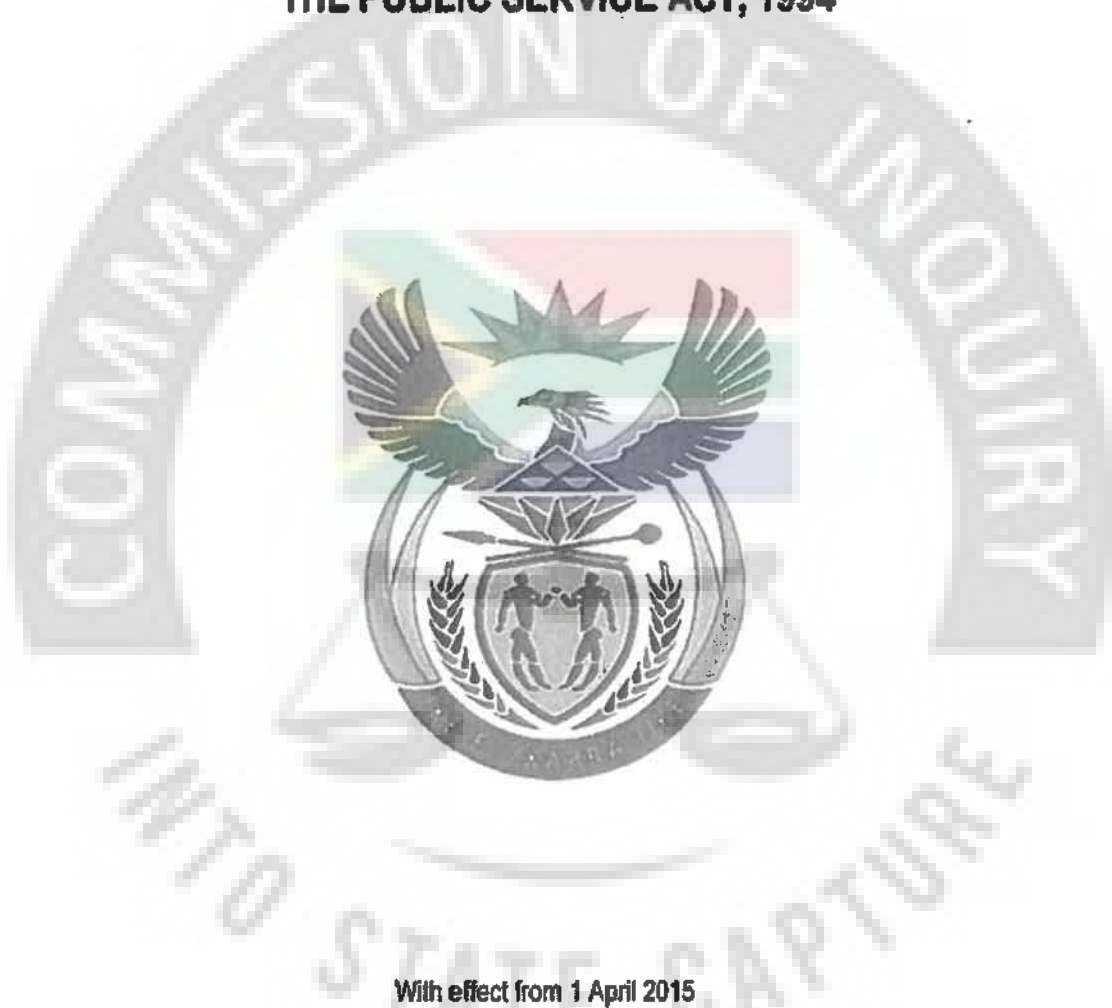
83.1.5. I would submit that, by passing departmental information to persons outside the department he acted unlawfully and acted against the spirit and the letter of the Handbook which requires advisers to *"promote the ... department's objectives".*



LUNGISA FUZILE

DATE: 16/11/2018

**DISPENSATION FOR THE APPOINTMENT AND
REMUNERATION OF PERSONS (SPECIAL ADVISERS)
APPOINTED TO EXECUTIVE AUTHORITIES ON GROUND OF
POLICY CONSIDERATIONS IN TERMS OF SECTION 12A OF
THE PUBLIC SERVICE ACT, 1994**



With effect from 1 April 2015

Issued by the Department of Public Service and Administrations

-2-

INTRODUCTION

1. In order to ensure an acceptable degree of uniformity, Cabinet has determined the compensation for Special Advisors. The compensation provides for four different compensation levels in order to accommodate different levels of expertise.

SCOPE OF APPOINTMENT

2. The provision to appoint Special Advisors in terms of Section 12A of the Public Service Act, 1994, as amended, is limited to two full-time equivalent positions for each Minister and Premier, unless Cabinet or the relevant Provincial Executive Council approves a higher number up to two additional full-time equivalents for each Minister and Premier because of work requirements. The President and Deputy President may appoint as many Special Advisors as they may see fit. Cabinet may also reduce the number of Special Advisors that Ministers and Premiers may employ.
3. Members of Executive Councils (MEC's) and the Chairperson of the Public Service Commission are in terms of a decision of Cabinet excluded from the provision to appoint Special Advisors in terms of section 12A of the Public Service Act, 1994.
4. Special Advisors appointed to Ministers and Premiers may be utilised by Deputy Ministers and MEC's for specific tasks by arrangement with the Minister or Premier concerned.
5. Only South African citizens should be appointed as Special Advisors. All candidates for appointment as Special Advisors should be subjected to a security clearance before appointment. If an Executive Authority wishes to deviate from this requirement, the matter must be submitted to the President.

ROLE OF SPECIAL ADVISERS

6. The Public Service Act (Section 12A (1)) provides that Special Advisors may be appointed-
 - to advise the Executive Authority on the exercise or performance of the Executive Authority's powers and duties;
 - to advise the Executive Authority on the development of policy that will promote the relevant department's objectives; or
 - to perform such other tasks as may be appropriate in respect of the exercise or performance of the Executive Authority's powers and duties.
7. Since a Special Adviser would act in an advisory capacity to advise an Executive Authority on, or perform other tasks in respect of, the exercise or performance of the Executive Authority's powers and duties, or to advise the Executive Authority on the development of policy that will promote the objectives of the relevant department, there shall be no relationship of authority between the Special Adviser and the Head of Department concerned. The Special Adviser shall direct his/her inputs to the Executive Authority and

-3-

refrain from interfering in the administration and management of the department, which in law is the function and responsibility of the Director-General.

8. The serving of Special Advisers on statutory boards or councils (or similar bodies) for which the Executive Authority is individually or collectively accountable, would be inappropriate since it could give rise to a direct or indirect conflict of interest or advice which could be biased or perceived to be biased. Therefore, if a person who is to be appointed as a Special Adviser serves on a statutory board or council (or similar body) for which the relevant Executive Authority is individually or collectively accountable, his/her appointment to such boards or councils must be terminated with effect from date of appointment as Special Adviser to the relevant Executive Authority.
9. Executive Authorities must submit a request for a deviation, which is fully motivated, from the requirement referred to in paragraph 8 above to the Minister for the Public Service and Administration. In consultation with the relevant Executive Authority, it will be considered whether to approach Cabinet at the national sphere of Government with a recommendation to approve a deviation for a particular instance or kind of statutory body.

GENERAL

10. The standard contract attached as Annexure X, as approved by Cabinet is entered into between the Special Adviser and the Executive Authority concerned. The duration of the contract shall be agreed upon and be limited to the term of the political principal.
11. Executive Authorities must submit proposals/recommendations for the appointment of individual Special Advisers to the Minister for the Public Service and Administration for approval of the individual's compensation level before the appointment/upgrade is effected.
12. Each Special Adviser must sign a performance agreement that determines-
 - (a) major outputs for the period of employment or for the coming year, whichever is relevant;
 - (b) well-defined measures for performance in terms of each major output;
 - (c) quarterly review dates that will make it possible to modify outputs as necessary as well as ensuring open discussion of progress; and
 - (d) for employment over a year, salary increments dependent on the level of appointment.
13. Special Advisers are not admitted to the Government Employees Pension Fund (GEPF).
14. Executive Authorities must ensure that the Special Adviser obtains the necessary security clearance before he/she is appointed. Request received without necessary security clearance will not be entertained.

-4-

INCLUSIVE FLEXIBLE REMUNERATION PACKAGE SYSTEM

15. The following compensation levels (Table 1) with ranges of inclusive flexible remuneration packages apply with effect from 1 April 2015 to full-time Special Advisers (therefore Special Advisers who work a 40-hour week).

TABLE 1: Compensation levels for full-time Special Advisers

Compensation Level	Flexible Remuneration Package	
	31 March 2015 (Rand per annum)	1 April 2015 (Rand per annum)
I	819 126	864 177
	831 423	877 152
	843 888	890 301
	856 554	903 663
	869 403	917 220
	882 441	930 975
	895 677	944 940
	909 111	959 112
	922 755	973 506
	936 588	988 101
	950 646	1 002 933
	964 902	1 017 972

-5-

Compensation Level	Flexible Remuneration Package	
	31 March 2015 (Rand per annum)	1 April 2015 (Rand per annum)
II	988 152	1 042 500
	1 002 981	1 058 145
	1 018 032	1 074 024
	1 033 299	1 090 131
	1 048 800	1 106 484
	1 064 535	1 123 083
	1 080 507	1 139 934
	1 096 713	1 157 031
	1 113 168	1 174 392
	1 129 866	1 192 008
	1 146 810	1 209 885
	1 164 009	1 228 029
	1 181 469	1 246 449

-6-

Compensation Level	Flexible Remuneration Package	
	31 March 2015 (Rand per annum)	1 April 2015 (Rand per annum)
III	1 201 713	1 267 806
	1 219 737	1 286 823
	1 238 040	1 306 131
	1 256 610	1 325 724
	1 275 465	1 345 617
	1 294 593	1 365 795
	1 314 018	1 386 288
	1 333 734	1 407 090
	1 353 732	1 428 186
IV	1 570 254	1 656 618
	1 593 804	1 681 464
	1 617 720	1 706 694
	1 641 990	1 732 299
	1 666 620	1 758 285
	1 691 622	1 784 661
	1 716 993	1 811 427
	1 742 751	1 838 601
	1 768 893	1 866 183

-7-

16. The inclusive compensation for Special Advisers who work less than 40 hour per week (therefore Special Advisers who are not full-time), are calculated as follows and the actual hours should be recorded and claims submitted accordingly:-

$$\frac{\text{Annual inclusive flexible remuneration package}}{2080} \times \frac{\text{Actual hours worked}}{1}$$

(rounded off to the nearest Rand amount)

Composition of the inclusive flexible remuneration package for full-time Special Advisers

17. The total inclusive flexible remuneration packages may be structured by the Special Adviser in terms of the provisions and rules as set out below.
18. Provisions for the structuring of the inclusive flexible remuneration package
- (a) Full-time Special Advisers may structure the inclusive flexible remuneration packages into the following items:-
 - (1) **Motor car allowance**
To a maximum amount of 25% of the total package per annum.
 - (2) **Medical Assistance**
State's contribution to a registered medical aid scheme.
 - (3) **Housing Allowance**
An amount as decided by the member.
 - (4) **Non-pensionable cash allowance**
Any remaining amount of the flexible portion.
 - (b) Special Advisers are not obliged to utilise all the items when structuring the flexible portion of their packages.
19. Rules governing the structuring of the inclusive flexible remuneration packages
- (a) **Motor car allowance**
 - (1) Special Advisers are obliged to maintain a reliable vehicle to be utilised for official journeys (when necessary).
 - (2) Special Advisers may purchase/lease a new or reliable pre-owned vehicle.
 - (3) No time frames exist when a vehicle should be replaced.

-8-

- (4) The Special Adviser must at all times have his or her vehicle (or a substitute) available for official journeys.
- (5) The Executive Authority must decide whether a Special Adviser must utilise his or her own vehicle or make use of the provisions for official journeys when transport is used for official purposes, taking into account practical implications, cost effectiveness, road conditions etc.
- (6) A Special Adviser must secure his or her own financing or loans.
- (7) A Special Adviser must obtain and maintain comprehensive insurance on the vehicle, and is fully responsible for all running and maintenance costs and the cost of registration and licensing of the vehicle.
- (8) If a Special Adviser utilises his or her vehicle to travel for official purposes away from his or her usual place of work, the Executive Authority shall reimburse toll fees as well as parking fees in excess of R10 per month. The Special Adviser is responsible for parking fees (if they are levied) at the place of work.
- (9) Any journey between a Special Adviser's home and usual place of work constitutes a private journey.
- (10) If a Special Adviser utilises his or her private vehicle to carry out official duties, the Executive Authority will compensate the Special Adviser for all official kilometres, as per Department of Transport's determinations on tariffs for the use of private motor transport, provided they comply with all the prescribed qualifying criteria (i.e approved official journey). (Amended with effect from 1 September 2008)

(b) Medical assistance (amended with effect from 1 March 2012)

- A Special Advisers who are members of registered medical aid schemes are not obliged to structure for an employer contribution towards the scheme.
- The Executing Authority shall pay the total medical aid scheme subscription fee directly (per the pay system) on a monthly basis to a registered medical scheme.
- In respect of those Special Advisers who are members of registered medical aid schemes and who elect not to structure for an employer contribution, the total medical aid scheme subscription fee will be a normal (monthly) salary deduction.
- In respect of those Special Advisers who are members of registered medical aid schemes and who elect to structure for an employer contribution, the subscription fee shall be composed as follows:-

-9-

- **Employer contribution**
 - Any amount, to a maximum of the annual medical aid subscription fee, in the form of an employer contribution.
- **Member contribution**
 - The difference between the total registered medical aid scheme fee and the amount structured as employer contribution.
 - The member's own contribution is a normal (monthly) salary deduction.

AMENDMENTS TO THE COMPOSITION OF THE FLEXIBLE PORTION OF THE PACKAGE

20. The flexible portion of the package may only be changed in the following circumstances:-
- (a) One year after the date of implementation of the inclusive flexible remuneration package system.
 - (b) If the Special Adviser is awarded a higher compensation level or a higher package within his/her existing compensation level.
 - (c) General adjustment of the packages in the compensation levels.
 - (d) Substantial changes to tax legislation.
 - (e) Any changes to the total contribution to a registered medical aid scheme and where funds to be obtained from or directed to in terms of the Special Adviser's inclusive flexible remuneration packages.
 - (f) On decision by the Minister for the Public Service and Administration.

PROGRESSION TO A HIGHER PACKAGE WITHIN A COMPENSATION LEVEL

21. Special Advisers are normally awarded the minimum inclusive flexible remuneration package of the compensation level approved by the Minister for the Public Service and Administration for the Specific Special Adviser.
22. Executive Authorities may however award high packages within the approved compensation levels to serving Special Advisers or Special Advisers on appointment based on the recruitment and retention of suitable persons. Such decisions shall be recorded and reported (with reasons for the decision) to the Minister for the Public Service and Administration.

BENEFITS

23. Determination on leave of absence in the Public Service with effect from 1 July 2009, made by the Minister for Public Service and Administration.

CRITERIA FOR THE AWARDING OF A COMPENSATION LEVEL

24. For the purposes of determining which compensation level should apply, Executive Authorities should take cognisance of the particular individual's level of expertise and the stature in the particular field before submitting a request for approval to the Minister for the Public Service and Administration.
25. The following broad guidelines in this regard should be applied:
 - (a) **Compensation level I**
 - (i) Enjoys noticeable national recognition as a competent expert.
 - (ii) Complexity of advice to be rendered comparable to that given by a Director (Senior Management Service Grade A) in the Public Service.
 - (b) **Compensation Level II**
 - (i) Enjoys recognition as a competent expert at national level.
 - (ii) Complexity of advice to be rendered comparable to that given by a Chief Director (Senior Management Service Grade B) in the Public Service.
 - (c) **Compensation level III**
 - (i) Enjoys recognition as a competent expert at national and to some degree international level.
 - (ii) Complexity of advice to be given comparable to that given by a Deputy Director-General (Senior Management Service Grade C) in the Public Service.
 - (d) **Compensation level IV**
 - (i) Enjoys recognition as a competent expert at national and international level
 - (ii) To appoint and retain persons with very high level skills and/or scarce skills.
 - (iii) Complexity of advice to be rendered is comparable to that given by a Director-General (Senior Management Service Grade D) in the Public Service.
26. Requests addressed to the Minister for the Public Service and Administration must be fully motivated and must include the following:
 - (a) Updated CV of the person.
 - (b) The person's remuneration at her/his current employer.

32

821

John Rossouw

From: Mahommed Bobat <mahommed.bobat@gmail.com>
 Sent: 12 December 2015 05:39 PM
 To: infoportal1@zoho.com; Eric Wood
 Subject: Fwd: Feedback from Minister Nkwinti meeting
 Attachments: Image.jpg; Economic Outlook presentation 12 December 2015.pptx

AA 107

Forwarded message

From: "Ian Whitley" <iwhitley39@gmail.com>
 Date: 12 Dec 2015 5:36 PM
 Subject: Fwd: Feedback from Minister Nkwinti meeting
 To: <mahommed.bobat@gmail.com>, "Malcolm Mabaso" <malcolm@opensbs.co.za>
 Co:

Gents finally....

Ian Whitley

Begin forwarded message:

From: "Marlon Geswint" <Marlon.Geswint@treasury.gov.za>
 Date: 12 December 2015 at 4:38:39 PM SAST
 To: <iwhitley39@gmail.com>
 Subject: Fwd: Feedback from Minister Nkwinti meeting

Hi Ian

Attached as requested

Thanks

Marlon

Sent from my iPhone

Begin forwarded message:

From: "Lungisa Fuzile" <lungisa.fuzile@treasury.gov.za>
 To: "Ian Whitley" <iwhitley39@gmail.com> <Ian.Whitley@treasury.gov.za>
 Cc: "Marlon Geswint" <Marlon.Geswint@treasury.gov.za>
 Subject: FW: Feedback from Minister Nkwinti meeting

As I was saying Ian, we could still amend this if we determine that it is necessary. I would not do that today though. I have things I am attending to until very late, and we have Monday to sort it out as well.

Regards

Lungisa

Forwarded Message

From: Yolande Smit <Yolande.Smit@treasury.gov.za>

33

822

Date: Fri, 11 Dec 2015 15:29:38 +0200

To: Lungisa Fozile <lungisa.fozile@treasury.gov.za>

Cc: Felicitas Mogase <Felicitas.Mogase@treasury.gov.za>

Subject: Feedback from Minister Nkwinti meeting

Good afternoon Lungisa

Minister Nkwinti called the meeting to request inputs from DGs in preparation for a Ministerial meeting on Tuesday where ways to turn the economy around will be discussed. This will be a continuation of the discussion that started at Cabinet after the NT presentation on Sovereign downgrading. Minister Nkwinti wants 6 things to be discussed:

- 1) Composition of government expenditure
- 2) State of SOC's
- 3) Corruption and perceptions
- 4) Beneficiation (and mining)
- 5) Agriculture
- 6) 9 Point plan and each department's contribution

His request was that DGs be frank in their evaluations – especially where there is a conflict between political decisions and regulatory frameworks.

You have been requested to present on the Economic Outlook which should include:

- 1) Composition of expenditure (what do we do with our money – invest or consume)
- 2) What would it take to shift the composition to support economic growth (timing and what can be done)
- 3) How we will be more strict on cost reduction methods

See attached draft with inputs from Michael's unit as well. Although he was not comfortable to give input on points 2 and 3.

I have also spoken to Avril on providing input into DG DPE presentation on the SOC's. Please note that we were requested to include EDD and dtd inputs into the NT presentation. I have not sent them this presentation and are awaiting your comments on it first. The DGs will meet again on Monday afternoon to discuss the presentations and the Ministerial meeting will be on Tuesday morning at the union buildings – 8:30am.

I will be phoning you to discuss later.

Kind regards

Yolande Smit
Director, Office of the DDG

34

Economic Policy

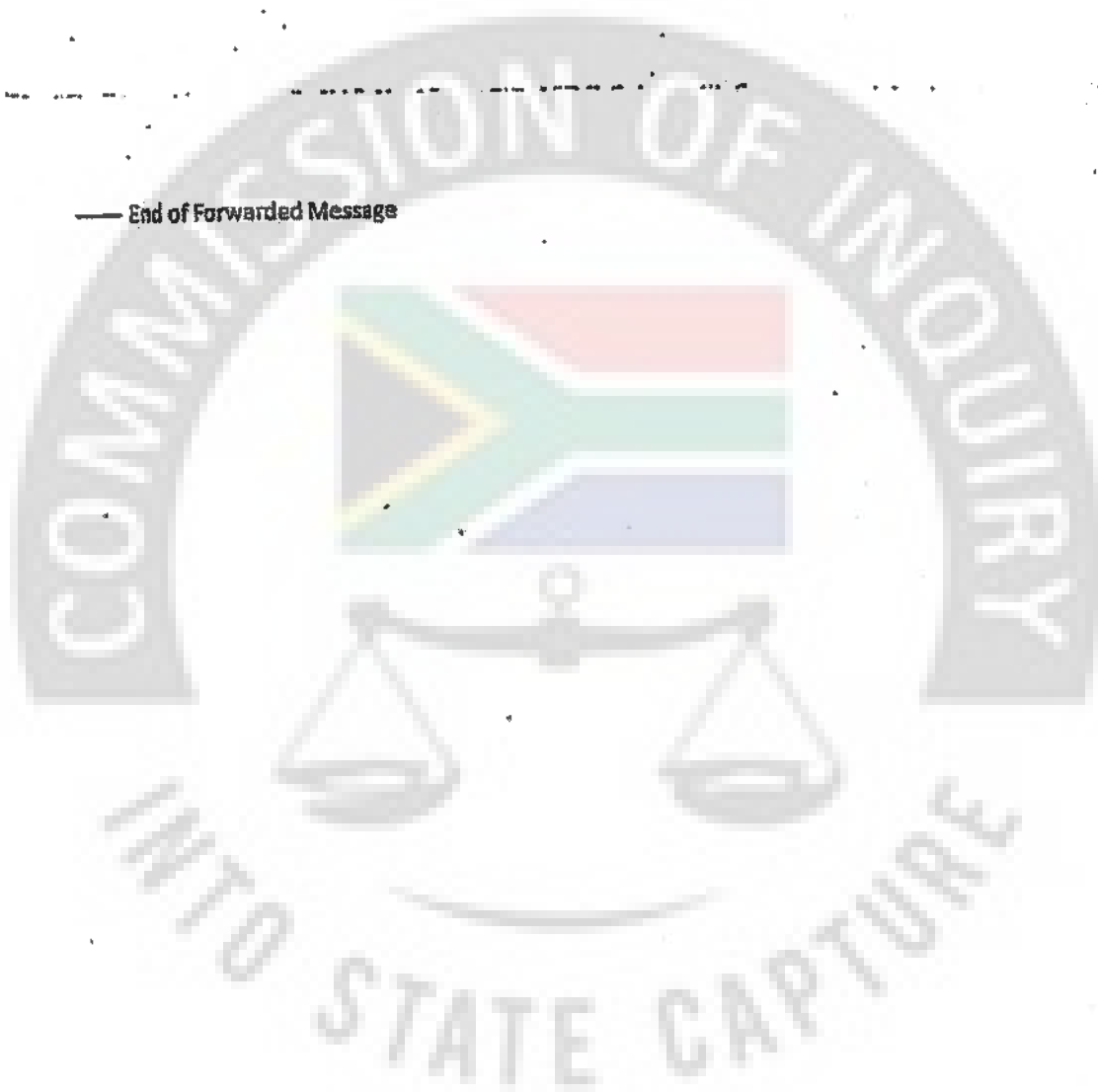
Tel: 012 327 4676 Fax: 012 327 4676

Mobile: 083 327 4676

DISCLAIMER:

This email and its contents are subject to our email legal notice which can be viewed at
http://www.treasury.gov.za/Email_Disclaimer.html

— End of Forwarded Message



36
35

The Economic Outlook

National Treasury
15 December 2015



national treasury

Department
National Treasury
REPUBLIC OF SOUTH AFRICA

INQUIRY

1. Economic developments and outlook

The fundamental economic challenges facing South Africa

Weak economic growth

- Domestic factors weighing on growth: electricity supply constraints, weak demand and low consumer and business confidence
- South Africa requires much faster and sustained growth to address socio-economic challenges

Unemployment

- Unemployment rate stubbornly high around 25 per cent
- Approximately 66% of the unemployed are youth
- 5 to 6 million net new jobs needed over next 10 years to halve unemployment

Poverty

- 46% of the population live below the R620 per month (US\$2/day) poverty line (2011)

Inequality

- Gini coefficient relatively high, at 0.69 in 2011



Source: National Treasury, Statistics South Africa, Development Indicators 2010, NIDS

Global growth to slow down to six-year low of 3.1 percent in 2015

Annual change in GDP and consumer price index, selected regions/countries, 2014-2016

Region / country Percentage	2014	2015	2016
	GDP growth ¹		
World	3.4	3.1	3.6
Advanced economies	1.8	2.0	2.2
US	2.4	2.8	2.8
Euro area	0.9	1.5	1.6
UK	3.0	2.5	2.2
Japan	-0.1	0.6	1.0
Emerging markets and developing countries	4.6	4.0	4.5
Brazil	0.1	-3.0	-1.0
Russia	0.6	-3.8	-0.6
India	7.3	7.3	7.5
China	7.3	6.8	6.3
Sub-Saharan Africa	5.0	3.8	4.3
South Africa ²	1.5	1.5	1.7

1. IIAF World Economic Outlook October 2015

2. National Treasury forecast

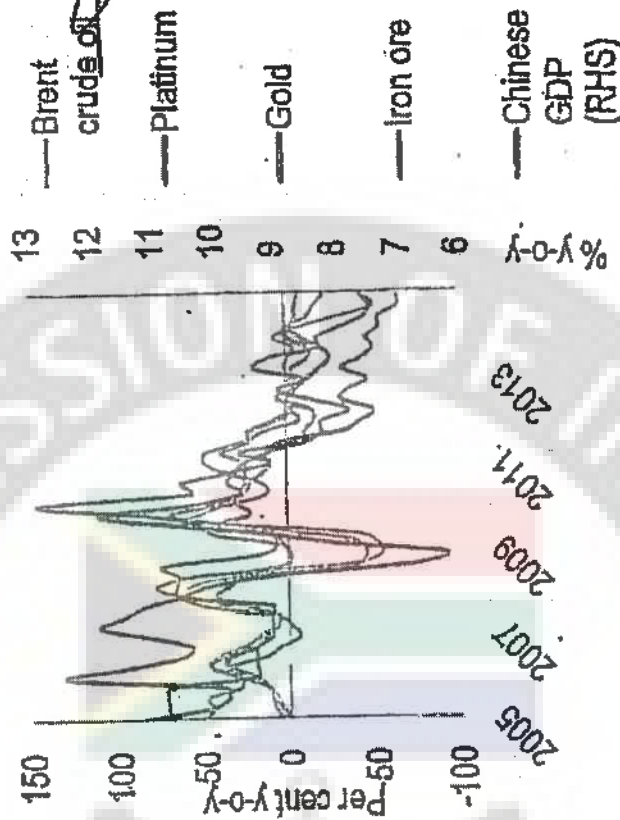
Despite subdued outlook, downside risks still dominate

- 2016 global growth rebound to 3.6% - but smaller than previous 3.8% forecast
- United States growing by robust 2.4%
- Monetary policy support underpins recovery in European Union to 1.5% and Japan to 0.6%.
- Recessions in Brazil and Russia become less severe and recovery in developed countries continues
- But China slowing to around 6% due to rebalancing
- And Sub-Saharan Africa growth revised sharply lower due to weakening China and global commodity price outlook

Weaker growth has resulted in weaker commodity prices and vice versa

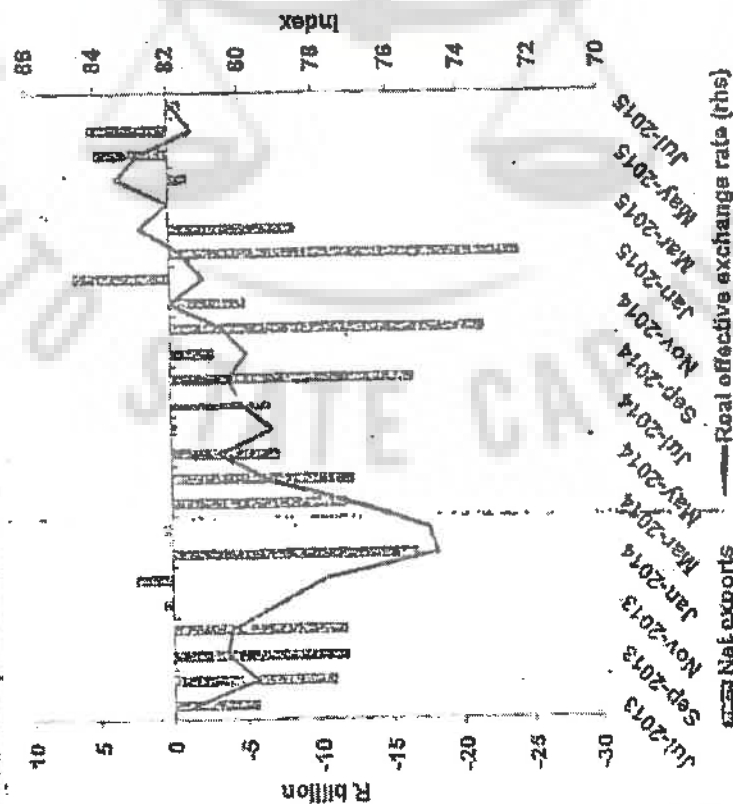
- Commodity prices of iron-ore, coal, platinum and oil are well below their 2008 highs.
- Forecasts are for prices to remain at current levels indefinitely
- The substantial drop in the international oil price has brought benefits for South Africa
- But lower commodity prices reduce growth in commodity exporting African countries which are key destinations for SA manufactured exports.

commodity prices remain low



The lower external value of the rand has helped make our exports more attractive

Relationship between net exports and real effective exchange rate



Source: National Treasury



- Export volumes have increased by 8.3 per cent in the first half of the year from growth of 2.6 per cent in 2014

- Increased demand from America and Europe has assisted the rise in SA exports

- In 2015, the bulk of South Africa's exports were to Asia (30 per cent), Africa (29 per cent) and Europe (23 per cent)

- Global economic conditions point towards the need for increasing South Africa's trade with the rest of the continent

Economic policy should acknowledge trends

The share in GDP of Construction, Transport and related service and Financial and Business services increased over the last 15 years. Agriculture and related, General government and Personal services share in GDP has remained broadly stable

Of concern is the declining share of Manufacturing and Mining in GDP

9 Point plan focus on the Manufacturing, Mining (through beneficiation) and Agriculture sectors

	1999	2005	2010	2015
Agriculture, forestry and fishing	2.7	2.4	2.4	2.3
Mining and quarrying	11.8	10.5	8.4	7.8
Manufacturing	14.5	14	13.1	12.4
Electricity, gas and water	2.9	2.8	2.5	2.2
Construction	2.2	2.6	3.5	3.4
Wholesale, retail and motor trade; catering and accommodation	13.4	13.4	13.5	13.6
Transport, storage and communication	7.3	8.2	8.4	8.4
Finance, real estate and business services	15.5	17.5	19.1	19.9
General government services	15.7	14.2	14.7	15.4
Personal services	5.7	5.5	5.4	5.3

Electricity constraint shaping our future industries

Electricity Intensity, employment and output
2007-2010

Selected Economic Sectors	Electricity Intensity (kWh/US\$1000 of value added)	Employment (thousands)	Output (US\$1000 of value added)
Manufacturing	1.2	1.2	1.2
Construction	0.8	0.8	0.8
Transport and storage	0.5	0.5	0.5
Information and communication	0.3	0.3	0.3
Health and social work	0.2	0.2	0.2
Education	0.1	0.1	0.1
Other services	0.1	0.1	0.1
Total	1.0	1.0	1.0

- We need a less energy intensive growth path
- Shifting the economy towards tradables with greater investment in manufactured exports
- Economy should expand beyond core mineral sectors towards a more competitive industrial base
- Government should support sectors that employ more people and consume less electricity for each unit of value they add
 - Tourism, Agriculture and agro-processing, light manufacturing and services

Manufacturing supported Q3 growth as primary sectors continue to decline

- The growth rebound driven by recovery in manufacturing output and wholesale, retail and motor trade while the finance sector exhibited some resilience
- Both the agricultural and mining sectors in recession
- Manufacturing was the sector with the largest positive contribution to quarterly GDP
- Quarterly growth momentum in the tertiary sectors improved for the first time in three quarters.

	Annual % change 2014	% change quarter-on-quarter seasonally adjusted & annualised Mar-15	Jun-15	Sep-15
GDP at market prices	1.5	1.4	-1.3	0.7
GDP at basic prices: Non-agric	1.5	1.8	-1.0	1.1
Sectoral components of GDP				
Agriculture	5.6	-18.0	-19.7	-12.6
Mining	-1.6	10.2	-6.4	-9.8
Manufacturing	0.0	-2.4	-6.3	6.2
Electricity and water	0.0	2.5	-7.5	-8.0
Construction	2.9	2.0	0.8	0.5
Wholesale and retail trade	1.3	2.7	-0.6	2.5
Transport and communication	2.3	1.2	0.2	0.1
Finance, real estate and business	2.2	3.3	2.6	2.8
Personal services	1.4	0.9	1.3	1.7
General government services	3.0	-0.8	0.6	1.2

Difficult operating environment for business

- **Mining sector** outlook subdued. Firms are international price takers. Some relief from weaker commodity prices thanks to weaker rand which boosts local profit numbers. However, long term outlook difficult. MPRDA continues to foster uncertainty. Very high levels of global supply in coal, iron ore, steel. High operating costs for gold mines. The platinum and gold mining sub-sectors are expected to see some support from improved growth in Europe and India, while coal will receive support from domestic electricity production
- **Manufacturing sector** has enjoyed some gains from the recovery in Europe and US boosting autos, metals and food and beverages. Africa likely to continue support for food and beverages, chemicals and possibly capital equipment. Competition is likely to remain intense and higher domestic inflation will erode competitiveness gains from weaker currency.
- **Tourism** is a key sector for boosting employment and funding the current account deficit. Weak rand offers significant opportunity for growth
- **Agriculture** is being affected by the drought which will worsen the outlook on food prices



national treasury
Department of Finance
10000 Pretorius Street
Pretoria 0001

We can grow beyond 10%, and we know just what the constraints are

Impact on potential growth

Other NDP proposals

Low domestic savings,
productivity & small market size
(Gunn people)

Shortages of skilled labour,
concentrated markets,
inefficient SOEs

Transport bottlenecks &
other infrastructure constraints,
policy uncertainty

Electricity constraint

Sources: Economic Modelling and Forecasting; National Treasury



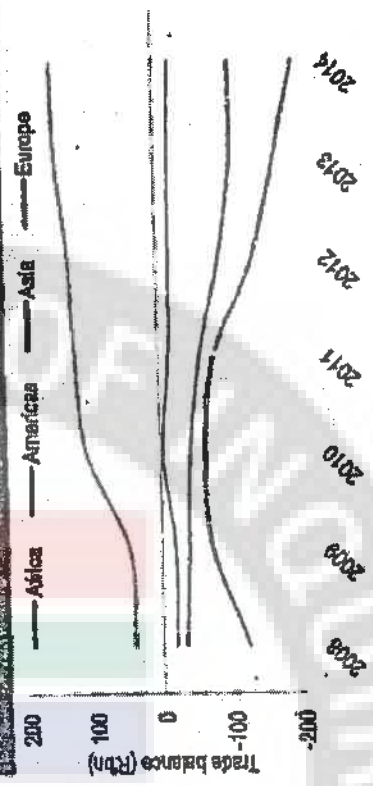
An immediate growth opportunity lies in Regional trade

- Government is committed to supporting regional integration and the expansion of South African firms into the rest of Africa
- Sub-Saharan Africa is one of the fastest growing regions in the World. GDP is projected at 4.5% in 2015 before rebounding to 5.1% in 2016
- Strong growth in the region supports continued growth in trade. SA has consistently recorded trade surpluses with Africa.
- 65% of South Africa's exports to other African economies consist of manufactured goods, with mineral products 28% and agricultural exports 7%
- Africa has become a major investment destination
- South Africa is a favoured hub for international companies wanting to expand into Africa
- Growth has been pronounced in dynamic sectors with high growth potential, including technology, telecommunications, financial services and retail

African growth outlook: favours continued export growth



Trade with Africa posts persistent surpluses

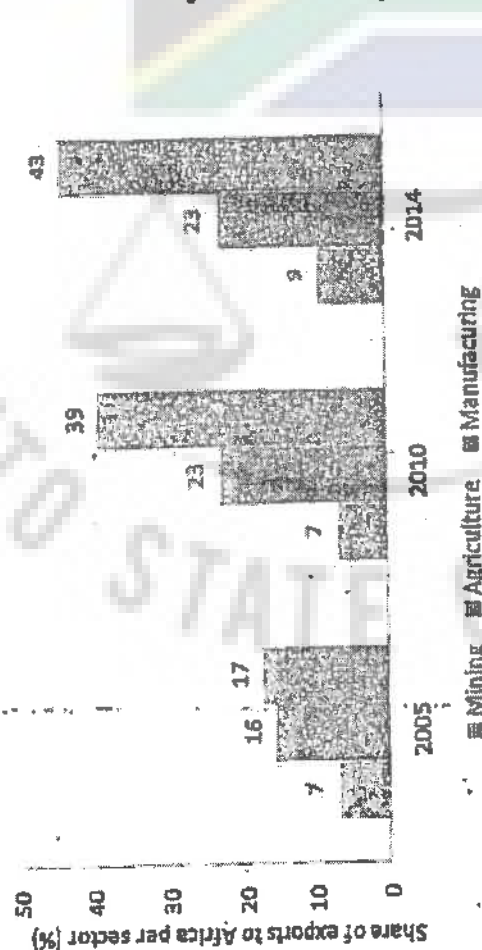


Source: Quantec, IMF, National Treasury calculations

47

Share of exports to Africa has more than doubled over last decade

Merchandise trade with Africa 2005-2014



SA's economic prospects have become increasingly intertwined with those of the African continent

- Total share of exports to Africa 14 per cent to 30 per cent from 2005-2014

SA has strengthened its ties with sub-Saharan Africa (SSA) through improved transport, telecommunications, financial and diplomatic links

SA government introduced reforms to expand trade and investment in the recession, weaker prospects for SSA due to weaker demand and commodity prices limit export potential to Africa

Gradually expanding global growth, particularly in Europe and SSA region will support growth over the Medium-Term Expenditure Framework (MTEF)

IMF outlook for Sub-Saharan Africa 2013-2018

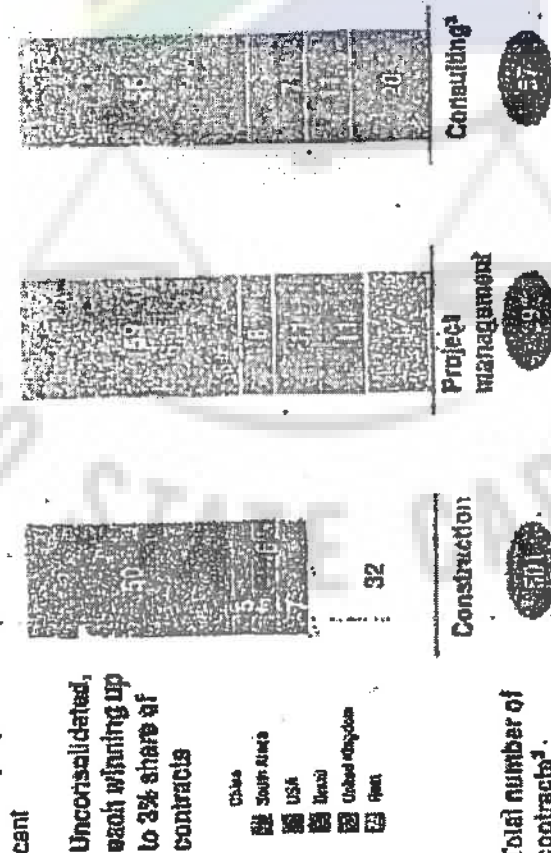
Calendar year	2013	2014	2015	2016	2017	2018
	Actual		Estimate		Forecast	
April	5.2	5.0	4.5	5.1	5.3	5.3
October	5.2	5.0	3.8	4.3	4.9	5.0

Source: IMF



There is substantial room for further business in the continent

Distribution of foreign contractors' winning construction projects in Sub-Saharan Africa² for projects from 2010 to 2015



Uncorrelated, each winning up to 3% share of contracts

China
South Africa
USA
India
United Kingdom
Other

Total number of contracts³

¹ Contractor country determined by the location of the company's headquarters; indicates projects worth 200 million USD or more

² Excluding South Africa

³ Practically engineering and architecture contracts

SOURCE: IPAT Database; McKinsey Global Institute analysis



national treasury
national treasury
national treasury
national treasury

Angola, Nigeria, Mozambique and Ghana represent the biggest import markets with demand for transportation, business and construction services

SA currently exports 2.3% of its services and could export up to 17%.

SA has only a 7% share in construction projects while China has 32%.

Studies have also revealed that South Africa has comparative advantages in advanced manufacturing (chemicals, electrical machinery and motor vehicles) as well as regional processing and resource-intensive commodities.

Initiatives to promote trade and growth on the continent

- The Tripartite Free Trade Area (T-FTA) was launched on 10 June 2015, with the objective of forming a free trade area, developing cross-border infrastructure and regional industrial development, bringing together a market of about 600 million consumers with an estimated value of US\$2.6 trillion.
- South Africa chairs the AU/NEPAD Presidential Infrastructure Championing Initiative (PICI), through which South Africa is championing the North-South Development Corridor, comprising a combination of road, rail, port and energy and related infrastructure projects.
- State-owned enterprises are championing African infrastructure development, such as Transnet's Maputo Corridor JOC launched in September 2014 to streamline cargo logistics between South Africa, Swaziland, and Maputo; as well as the on-going development of a prototype Trans-African locomotive suited for the conditions of Africa's railways.
- The New Development Bank (NDB) was officially launched in July 2015, aimed at promoting infrastructure and sustainable development projects in BRICS countries and other emerging economies and developing countries.

SA's baseline macroeconomic forecast

2015 MYERS Forecast

Calendar year	2015 Estimate	2016 Forecast	2017 Forecast	2018
Final household consumption	1.5	1.7	2.5	2.8
Final government consumption	0.7	1.6	1.2	1.1
Gross fixed capital formation	1.2	1.5	3.2	3.8
Gross domestic expenditure	0.6	2.0	2.7	2.8
Exports	8.3	3.2	5.0	5.5
Imports	5.3	4.3	5.4	5.5
Real GDP growth	1.5	1.7	2.6	2.8
CPI inflation (Dec 2012 = 100)	4.8	6.2	5.9	5.8
Current account balance (% of GDP)	-4.1	-4.4	-4.6	-4.8
Fiscal year	2015/16	2016/17	2017/18	2018/19
GDP inflation	5.4	6.0	5.9	5.8
GDP at current prices (R billion)	4,103	4,437	4,827	5,252
CPI inflation (Dec 2012 = 100)	5.5	6.0	5.8	5.8
Real GDP growth	1.2	2.1	2.7	2.8

Source: National Treasury

GDP growth forecasts have been downwardly revised

- 2015: 1.5 % (BR 2015: 2.0%)
- 2016: 1.7 % (BR 2015: 2.4%)
- 2017: 2.6 % (BR 2015: 3.0%)

Downward revisions due to weaker global demand and softer commodity prices

Electricity constraints reduce growth potential in 2015 and 2016, lowering investment and employment

Growth rises as electricity constraints ease, confidence improves & global growth rises

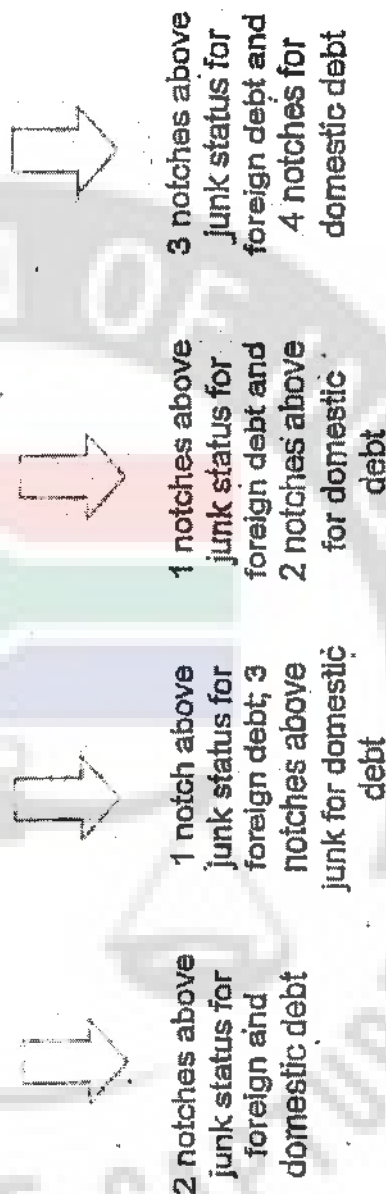
- Towards 2020, transport, electricity, and telecomms constraints ease, boosting to 3.4 per cent

The pick-up in global growth is highly dependent on China's growth. A pick-up in global growth will ease electricity constraints as units and kilowatt-hours are needed for the medium and long term. A pick-up in global growth will also ease the medium and long term electricity constraints.

Where do SA ratings currently stand?

South Africa's solicited credit ratings

	Moody's		S&P		Fitch		R&I
	Current rating	Previous rating	Current rating	Previous rating	Current rating	Previous rating	Current rating
Foreign currency credit rating	Baa2	Baa1	BBB-	BBB-	BBB-	BBB	BBB+
Domestic currency credit rating	Baa2	Baa1	BBB+	BBB+	BBB	BBB+	A-
Outlook	Stable	Negative	Negative	Stable	Stable	Negative	Stable



Source: National Treasury



Recent ratings action

Fitch downgraded by one notch to BBB-. The downgrade reflects:

- SA's poor GDP growth performance and even weaker estimates of growth potential. Further delays in the availability of new electricity capacity have exacerbated a poor economic outlook.
- Deteriorating general government debt portfolio in response to weaker revenues
- Current account deficit which has remained persistently large despite weak domestic demand and the sharp depreciation of the rand

S&P kept the ratings the same, but switched from stable to negative outlook. This reflects:

- Persistent electricity shortages
- Labour disputes escalating
- Continued weak business confidence exacerbated by policy uncertainty
- The possibility of reduced fiscal flexibility owing to contingent liability risks from State-Owned Companies (SOCs) with weak balance sheets

Moody's requested an unscheduled committee meeting on 09 December 2015 to discuss the outlook, in particular:

- The changes in the fiscal framework and the revisions to economic growth.
- Realization of contingent liabilities emanating from State-owned Companies, in particular SAA, is seen as the biggest risk to the expenditure ceiling

What did these downgrades mean for SA?

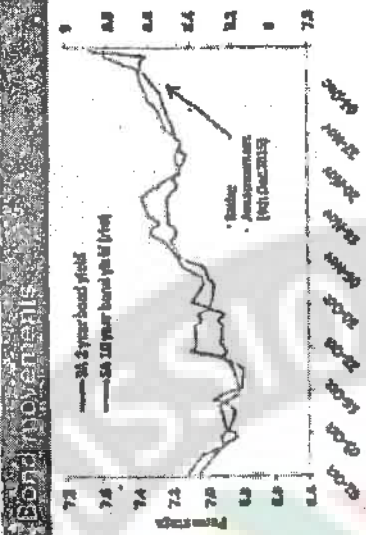
In the short term, some financial market reaction

- There was some increase in bond yields and currency weakness
- Volatility in the currency also increased

The main concern is for the medium term and whether the downward trend in ratings will continue

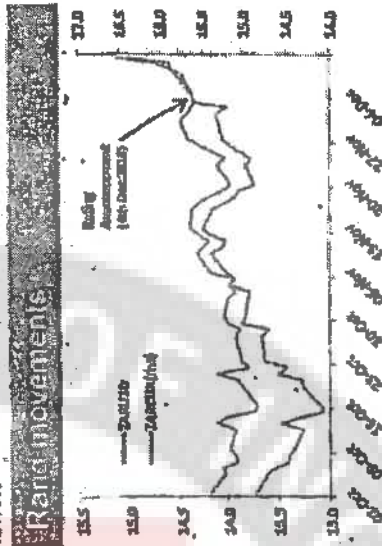
- If SA loses investment grade status with two or more ratings agencies, many investors (local and domestic) may have to sell SA assets because mandate are defined based on investment and non-investment (junk) grading
- If the government ratings goes to junk, it will have a knock on effect on SOC and private sector ratings (including the banking sector)

These concerns are increasing uncertainty, inhibiting investment and drawing excessive attention to local economic and political developments



Source: Bloomberg, National Treasury.

An upward movement signals that bond yields are higher – in other words that bond prices are lower.



Source: Bloomberg, National Treasury.

An 'upward' movement signals the Rand is weaker. It requires more Rands to buy one dollar (or one euro)

Why do downgrades matter for South Africa?

- Higher yields, resulting in higher borrowing costs for government
- Debt service costs rise, reducing cash for government priorities
- Borrowing costs for SOCs increase, putting capital spending plans at risk.
 - Eskom – potential knock on effects for build programme and economic growth potential
 - Transnet, SANRAL – play a critical role in expanding infrastructure
- Capital outflows from both equities and bonds
 - Last year the gap between savings and investment was R207 bn.
 - With capital outflows we can't fund our investment program and this has consequences for growth.
- Bond auctions to finance new debt issuance might fail, i.e. investors not keen provide new funding to government.
 - The revised main budget deficit (as presented in the 2015 MTBPS) for 2015/16 is R176.3 billion
- Acceleration in rand depreciation
 - If it leads to higher inflation, erodes competitiveness
 - Higher inflation raises government wage bill.

Weaker business confidence will further reduce growth

Spending demands (e.g. debt service costs, wages, guarantees) could put pressure on government deficit

Deficit pressures and lower growth can increase chance of further downgrades

Main risks to the NT forecasts

- Despite subdued forecasts, risks to growth to the downside
 - Electricity shortages delay release of investment constraints in 2017 and 2018
 - Slower growth in key trading partners in Europe, Sub Saharan Africa and China - the IMF has noted that the outlook for the global economy could worsen
 - Increased financial market volatility (due to slower Chinese growth / faster than expected Fed hikes / geopolitical uncertainty)
 - Faster than expected rebound in oil prices
 - Strike activity an outside risk in 2016 (road, freight, platinum)
- Risks to inflation to the upside
 - Electricity price increases higher than the assumed 12.5 per cent p.a.
 - Continued rand depreciation may raise pass through
 - Higher than expected oil and food prices than our forecast



National Treasury
South Africa

57
56

22

2. Fiscal policy trends

national treasury
of South Africa
Ministry of Finance

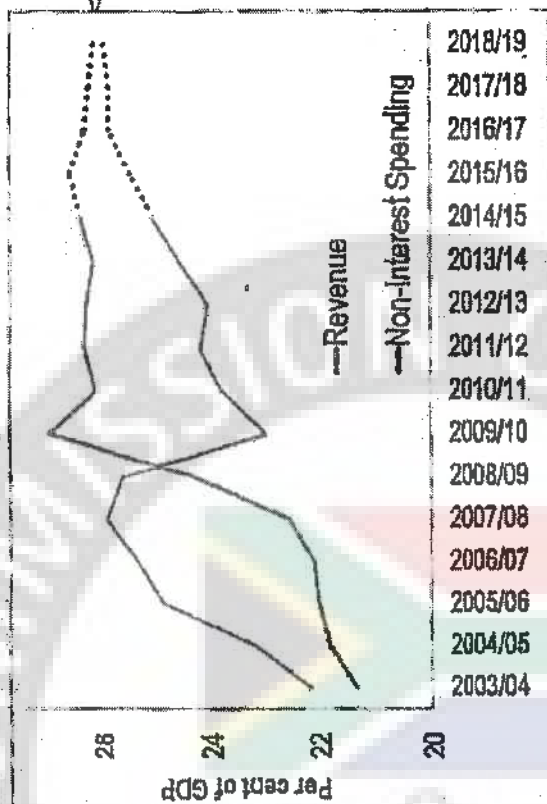


Fiscal policy overview

- Government's central fiscal objective over the medium term is to stabilise the growth of debt as a share of GDP
- Continued revenue growth and strict adherence to the planned expenditure ceiling are projected to result in net debt stabilising at 45.7 per cent of GDP in 2019/20
- A proposed long-term fiscal policy guideline links expenditure and GDP growth
- Expenditure on core social and economic programmes will be maintained
- Government continues to support the capital expenditure programmes of state-owned companies
- In recent months, two risks identified in the 2015 Budget materialised: a public-sector wage agreement significantly above inflation and a deterioration in economic performance
- The fiscal framework accommodates these developments and the fiscal trajectory remains on course to achieve government's objectives

The fiscal framework closes the gap between revenue and spending

- Two risks identified in the 2015 budget have materialized:
 - Slower economic growth means lower revenue and some slippage on the budget deficit.
 - Public sector wage settlement higher than inflation means more pressure on the public finances
- Expenditure on track to stay within ceiling
- Government remains on course to achieve its fiscal objectives: stabilising *debt and closing the primary balance*



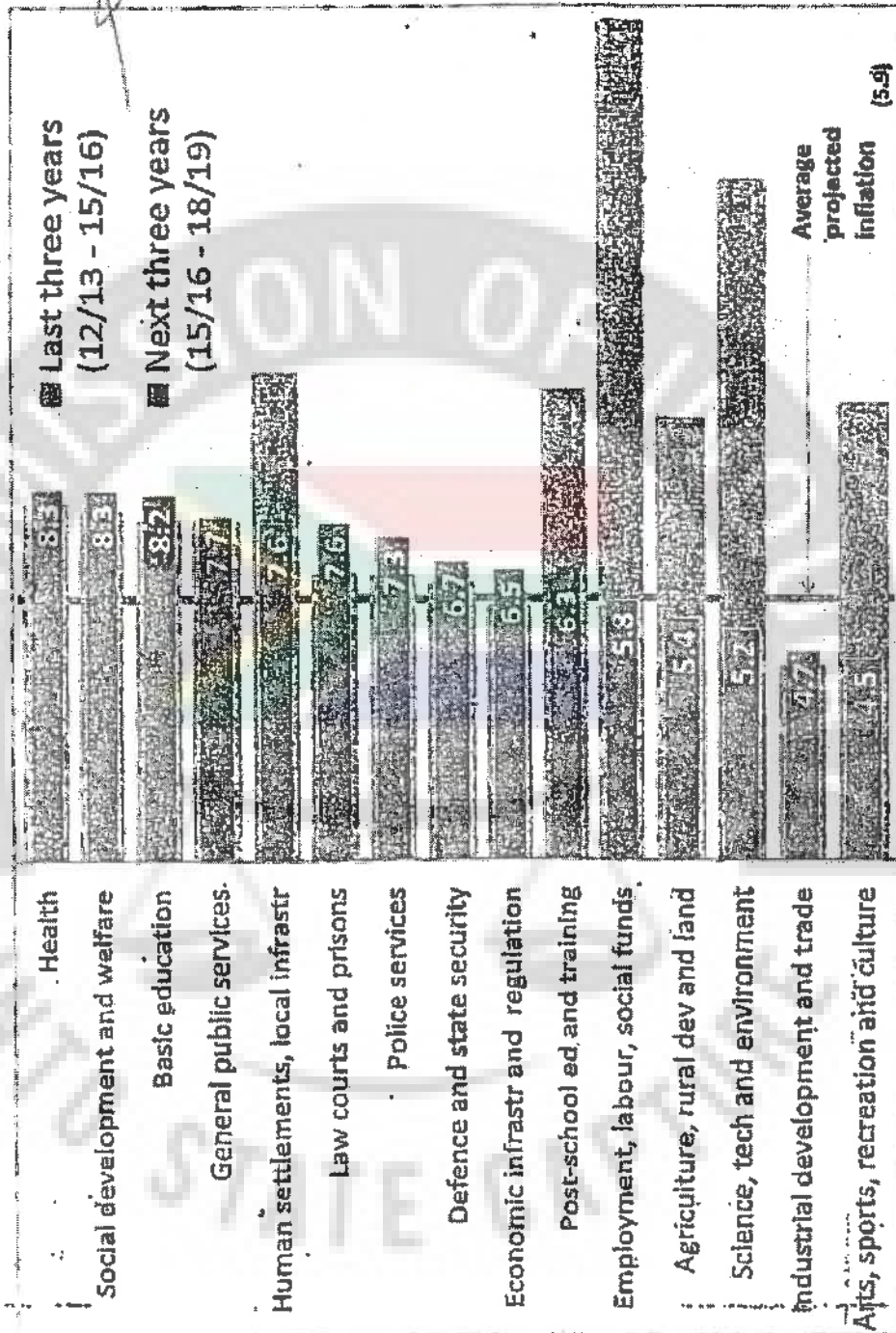
	Consolidated fiscal framework			
	2014/15	2016/17	2017/18	2018/19
R billion/Percentage of GDP			Medium-term estimates	
Revenue	1 081.9 28.4%	1 305.4 29.4%	1 415.0 29.3%	1 540.9 29.3%
Expenditure	1 228.8 32.0%	1 451.7 32.7%	1 568.8 32.5%	1 698.1 32.4%
Budget balance	-146.9 -3.6%	-146.3 -3.9%	-152.8 -3.2%	-158.2 -3.0%
Total net loan debt	1 584.2 41.2%	1 947.4 43.9%	2 155.0 44.7%	2 382.0 45.4%

Source: National Treasury

59

Spending growth outpaces inflation in most policy areas

Annual growth of spending by function, annual average (2012/13-2018/19)



Composition of spend

Table A.6 Consolidated fiscal framework, 2012/13 - 2018/19

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
R billion				Estimate	Medium-term estimates		
Operating account		Outcome					
Revenue	893.4	993.0	1 076.7	1 196.1	1 287.4	1 410.9	1 535.5
Current payments	921.1	1 009.7	1 077.7	1 188.2	1 279.7	1 379.7	1 490.2
Compensation	376.6	408.6	441.1	486.2	524.0	569.4	616.8
Goods and services	162.7	174.7	173.9	186.1	199.1	212.8	226.1
Interest and rent on land	93.3	109.3	120.8	133.9	148.4	162.0	179.9
Transfers and subsidies	288.5	318.1	341.9	382.9	409.3	435.7	468.6
Current balance	-27.7	-16.8	-1.0	-3.1	17.7	31.2	45.4
Percentage of GDP	-0.8%	-0.5%	0.0%	-0.1%	0.4%	0.6%	0.9%
Capital account							
Capital receipts	0.3	0.3	0.4	1.6	0.8	0.2	-0.4
Capital payments and transfers	118.8	130.3	145.7	159.8	189.0	179.5	183.4
Capital financing requirement ¹	-118.2	-130.1	-145.3	-168.3	-168.4	-179.3	-193.0
Percentage of GDP	-3.6%	-3.6%	-3.8%	-3.9%	-3.8%	-3.7%	-3.7%
Financial transactions ²	18.1	10.6	9.4	3.4	7.9	4.3	4.4
Contingency reserve	-	-	-	-	2.5	9.0	15.0
Budget balance	-135.8	-136.2	-135.9	-157.9	-145.3	-162.8	-168.2
Percentage of GDP	-4.1%	-3.8%	-3.6%	-3.8%	-3.3%	-3.2%	-3.0%
Revenue	908.7	1 007.9	1 091.9	1 220.8	1 308.4	1 416.0	1 540.9
Expenditure	1 044.6	1 144.2	1 228.8	1 378.7	1 451.7	1 568.5	1 698.1
Non-interest expenditure ³	951.3	1 034.8	1 108.0	1 244.7	1 303.3	1 406.7	1 519.3
Interest payments ⁴	93.3	109.3	120.8	133.9	148.4	162.0	179.9
Primary balance ⁵	-42.5	-27.0	-18.1	-24.0	3.1	9.3	21.7
Percentage of GDP	-1.3%	-0.7%	-0.4%	-0.6%	0.1%	0.2%	0.4%

1. Includes payments for capital assets, receipts from the sale of capital assets and capital transfers

2. Transactions in financial assets and liabilities including net receipts from financial transactions

3. All spending except for consolidated interest payments

4. Includes main budget debt-service costs and interest payments of other levels of government

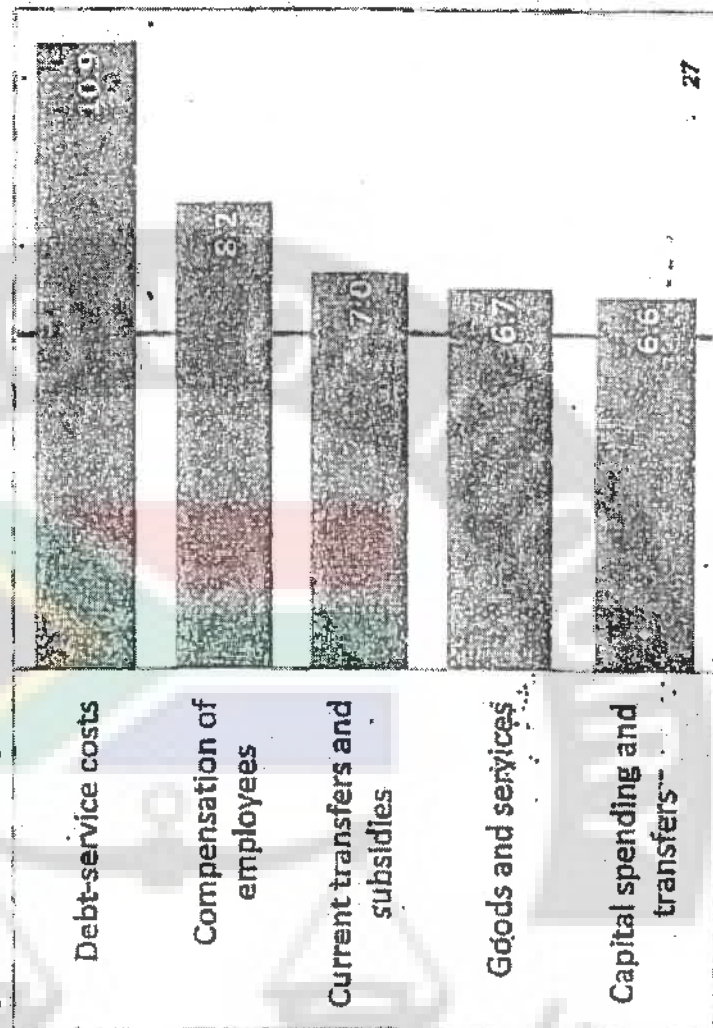
5. Revenue less non-interest expenditure

Source: National Treasury

Interest on debt grows fastest, followed by compensation on

- Debt-service costs remains the fastest growing type of spending
- New wage agreement and higher inflation pushes compensation growth to 8.2 per cent over the medium term

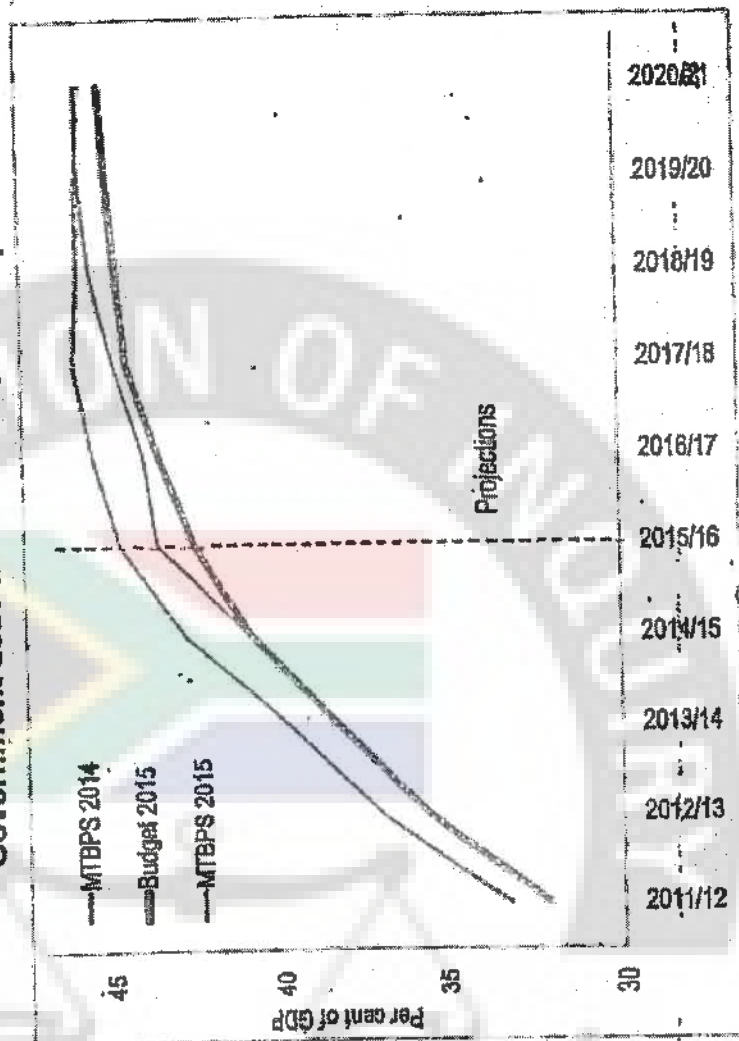
Growth of spending by economic type, annual average (2015/16-2018/19)



Urgent need to stabilise national debt as a share of GDP

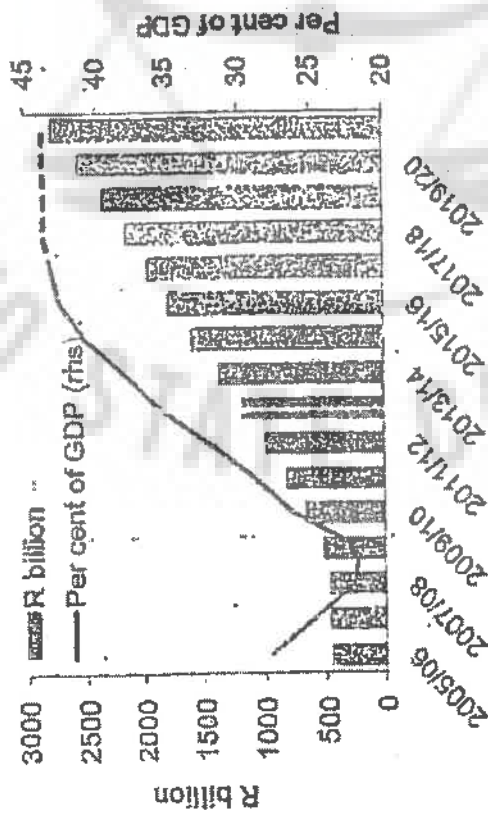
- Downward revision to GDP, shortfalls in revenue and the weaker exchange rate have led to an upward revision of the debt-to-GDP ratio.
- Continued restraint in expenditure growth results in net debt stabilising at 45.7 per cent of GDP in 2019/20.

Government debt-to-GDP ratio (net of cash balances)



Limited room for countercyclical fiscal support as redemptions loom

Debt has multiplied since 2008



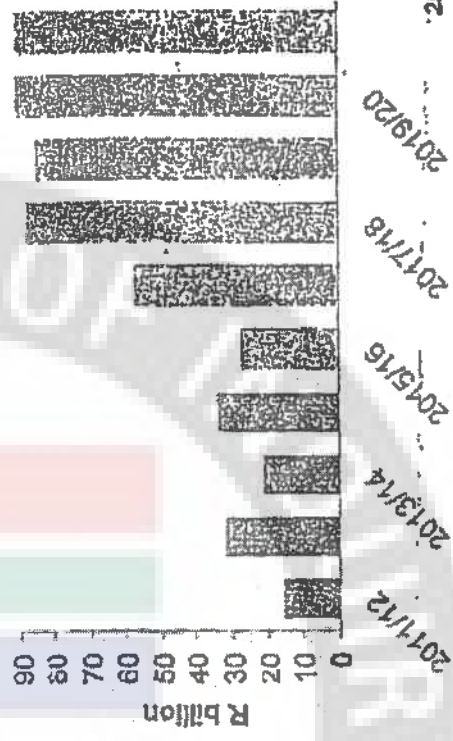
Government debt and capital expenditure
Total debt and capital expenditure
Debt to GDP ratio
2008-2019: 25% of GDP



National Treasury
Department of Finance
Republic of South Africa

Debt raised in response to crisis is now falling due to rebalancing of R80 billion redemption on a year average in the coming years

Large redemption becoming due



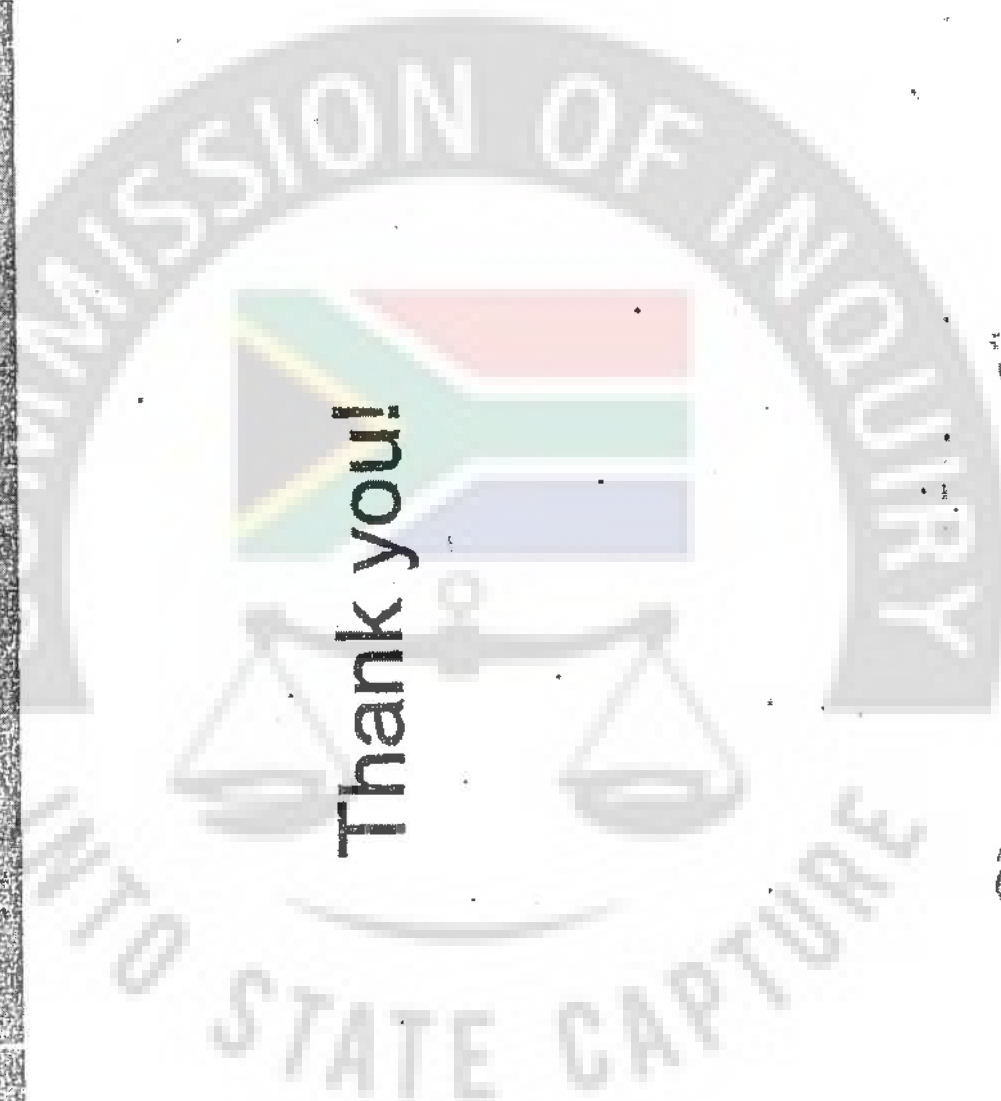
Risks to the fiscal outlook remain

- **Further deterioration in economic growth**
 - Decline in growth typically results in falling revenue growth, increasing the deficit and debt as a share of GDP.
 - Global uncertainty, particularly concerning the path of US monetary policy, could put upward pressure on domestic interest rates and cost of government debt
- **Expenditure pressures linked to inflation**
 - Rising inflation would increase the likelihood of unplanned expenditure
 - The wage agreement is linked to inflation..
- **Weak financial positions of several major public entities**
 - Government has acted to stabilise several state-owned enterprises.
 - Eskom, SANRAL and SAA being closely monitored
 - Government remains committed to deficit-neutral capital financing of state-owned companies in the years ahead.
 - Work has begun to develop a uniform legislative framework to regulate state-owned companies.



National Treasury
South Africa
REPUBLIC OF SOUTH AFRICA

19



Thank you!

Busani Mabunda

From: Busani Mabunda
Sent: Monday, 19 November 2018 10:33 PM
To: thekishol@gmail.com
Subject: RE: JUDICIAL COMMISSION OF INQUIRY INTO ALLEGATIONS OF STATE CAPTURE, CORRUPTION AND FRAUD IN THE PUBLIC SECTOR INCLUDING ORGANS OF STATE:IN RE:MR LUNGISA FUZILE/MR IAN WHITLEY
Attachments: WHITLEY.pdf; MR L. FUZILE STATEMENT.PDF; MR L. FUZILE ANNEXURES.PDF

Mr. Ian Whitley
 C/O Lucky Thekisho Inc. Attorneys
 Burlington House
 1st Floor Suite 106-108
 235 Helen Joseph Street
 Pretoria (CBD)

1. We refer to the above matter.
2. We enclose herewith a notice in terms of rule 3.3 of the Commission rules, a statement and annexures for the attention of your client.
3. We look forward to your client's continued co-operation with the Commission.

Kind Regards



Busani Mabunda – Director

MABUNDA INCORPORATED

Address: 2 Protea Road, Corner Riley, Bedfordview, 2008
 PO BOX 61238, Marshalltown, 2107
 DOCEX 424, JHB
Tel: (011) 450 1641/2284
Fax: 011 450 1568

Email: busani@mabundainc.co.za

Notice of Confidentiality

This transmittal may contain information which is confidential or privileged. The information is intended only for the individuals to whom it is addressed. If you are not the intended recipient, be aware that any disclosure, copying, distribution or other use of the contents is prohibited. If you are not the intended recipient, please immediately notify the sender by reply e-mail or phone and delete this message and its attachments, if any.



2nd floor, Hillside House
17 Empire Road,
Parktown
Johannesburg
2193

Tel: (010) 214-0651

Email:

inquiries@sastatecapture.org.za

Website:

www.sastatecapture.org.za

**JUDICIAL COMMISSION OF INQUIRY INTO ALLEGATIONS OF STATE CAPTURE,
CORRUPTION AND FRAUD IN THE PUBLIC SECTOR INCLUDING ORGANS OF STATE**

NOTICE IN TERMS OF RULE 3.3

TO : Mr Ian Whitley

C/O : Lucky Thekiso Inc. Attorneys
Burlington House
1st Floor Suite 106- 108
235 Helen Joseph Street
Pretoria (CBD)

Email : thekiso@gmail.com

**IN TERMS OF RULE 3.3 OF THE RULES OF THE JUDICIAL COMMISSION OF
INQUIRY INTO ALLEGATIONS OF STATE CAPTURE, CORRUPTION, FRAUD IN
THE PUBLIC SECTOR INCLUDING ORGANS OF STATE ("THE COMMISSION"),
YOU ARE HEREBY GIVEN NOTICE THAT:**

- 1 On 16 November 2018 the Commission received a signed statement from Mr LUNGISA FUZILE ("the witness") wherein he implicated or may have implicated you.

A copy of the witness's statement that implicates or may implicate you is attached as "A".

2 The Commission's Legal Team intends to present this evidence contained in Annexure "A" on 21 and 22 November 2018 at 10H00.

3 The witness statement implicates you in, *inter alia*, the following respects:

3.1 During and in December 2015, you were purportedly an advisor to Minister Van Rooyen in circumstances that made the witness to infer that you and Mr Bobat "were given" to Mr van Rooyen to help him do whatever he was asked to do at Treasury, including nefariously sharing information with business people and removing some of the officials from their positions by making it unbearable for them to continue to work at the Treasury.

3.2 Your alleged appointment caused the witness to believe that there was a connection between what the Guptas wanted and what the President of the country wanted and was doing.

4 As indicated above, the witness will give evidence at the hearing on 21 and 22 November 2018 at 10H00 at 4th Floor, Hill on Empire, 16 Empire Road, Parktown, Johannesburg.

5 You may attend the hearing at which the witness gives evidence.

6 You may be assisted by a legal representative when the witness gives evidence.

7 If you wish to:

7.1 give evidence yourself;

7.2 call any witness to give evidence on your behalf; or

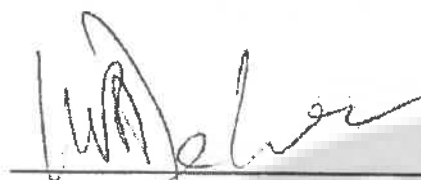
7.3 cross-examine the witness

then you must apply, within fourteen calendar days of this notice, in writing to the Commission for leave to do so.

8 An application referred to in paragraph 7 above must be submitted to the Secretary of the Commission. The application must be submitted with a statement from you in which you respond to the witness's statement in so far as it implicates you. The statement must identify what parts of the witness statement are disputed or denied and the grounds on which they are disputed or denied.

9 In the event that you believe that you have not been given a reasonable time from the issuance of this notice to the date on which the witness is to give evidence as set out in paragraph 4 above and you are prejudiced thereby, you may apply to the Commission in writing for such order as will ensure that you are not seriously prejudiced.

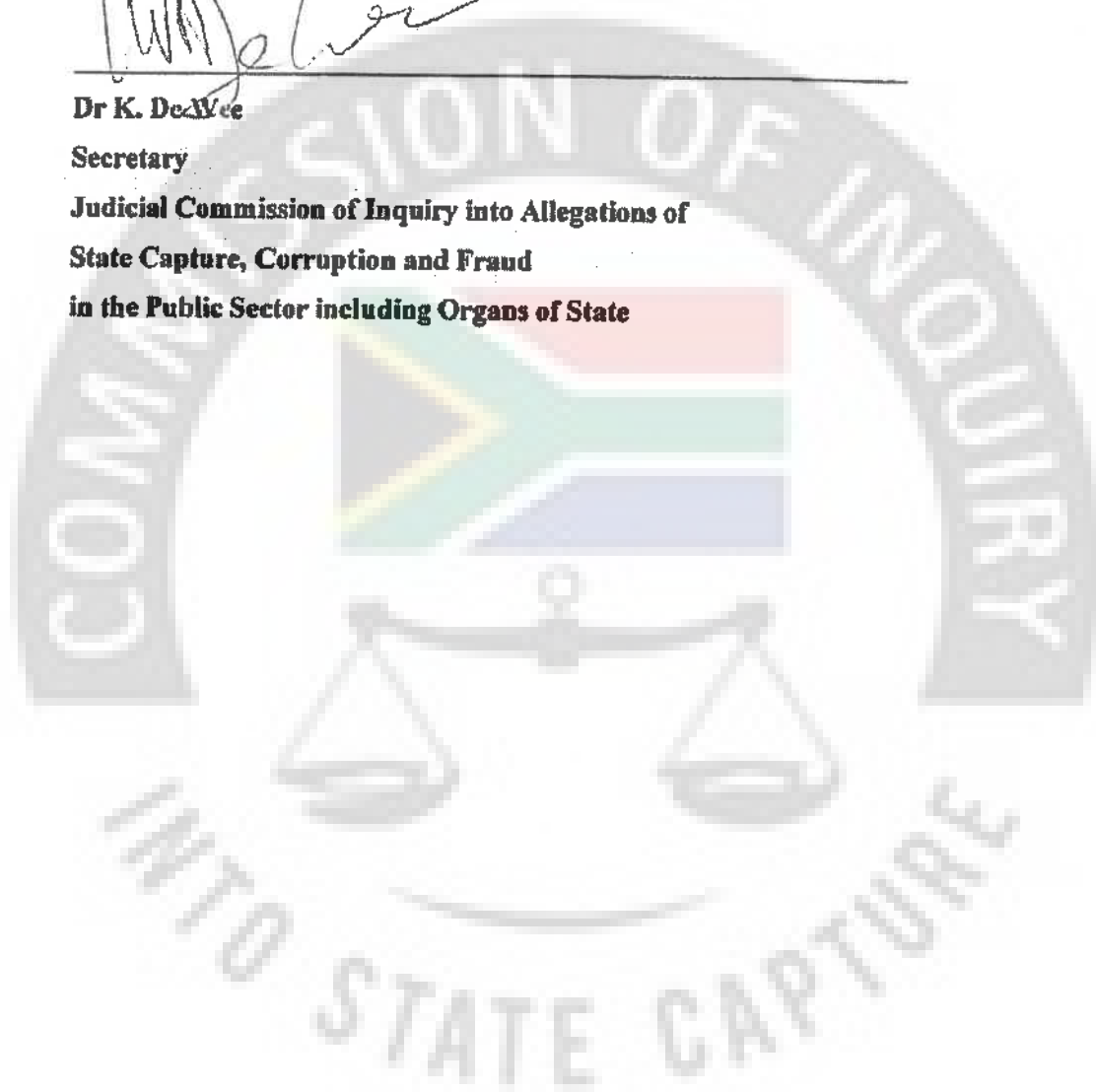
DATED AT Schmiedt on this 14 DAY OF November 2018.



Dr K. De Wee

Secretary

**Judicial Commission of Inquiry into Allegations of
State Capture, Corruption and Fraud
in the Public Sector including Organs of State**



Busani Mabunda

From: Microsoft Outlook
To: thekishol@gmail.com
Sent: Monday, 19 November 2018 10:33 PM
Subject: Relayed: RE: JUDICIAL COMMISSION OF INQUIRY INTO ALLEGATIONS OF STATE CAPTURE, CORRUPTION AND FRAUD IN THE PUBLIC SECTOR INCLUDING ORGANS OF STATE:IN RE:MR LUNGISA FUZILE/MR IAN WHITELY

Delivery to these recipients or groups is complete, but no delivery notification was sent by the destination server:

thekishol@gmail.com (thekishol@gmail.com)

Subject: RE: JUDICIAL COMMISSION OF INQUIRY INTO ALLEGATIONS OF STATE CAPTURE, CORRUPTION AND FRAUD IN THE PUBLIC SECTOR INCLUDING ORGANS OF STATE:IN RE:MR LUNGISA FUZILE/MR IAN WHITELY



RE: JUDICIAL
COMMISSION O...



Busani Mabunda

From: Busani Mabunda
Sent: Monday, 19 November 2018 10:26 PM
To: thekishol@gmail.com
Subject: JUDICIAL COMMISSION OF INQUIRY INTO ALLEGATIONS OF STATE CAPTURE CORRUPTION AND FRAUD IN THE PUBLIC SECTOR INCLUDING ORGANS OF STATE:MR LUNGISA FUZILE/MR DES VAN ROOYEN
Attachments: Notice 3.3 Des Van Rooyen.pdf; MR L FUZILE STATEMENT.PDF; MR L FUZILE ANNEXURES.PDF

Tracking:	Recipient	Delivery	Read
	thekishol@gmail.com		
	Busani Mabunda	Delivered: 2018/11/19 10:26 PM	Read: 2018/11/20 6:41 AM

Mr. Des Van Rooyen
 C/O Lucky Thekisho Inc. Attorneys
 Burlington House
 1st Floor Suite 106-108
 235 Helen Joseph Street
 Pretoria (CBD)

Dear Mr. Thekisho,

1. We refer to the above matter.
2. We enclose herewith a notice in terms of rule 3.3 of the Commission rules, a statement and annexures for the attention of your client.
3. We look forward to your client's co-operation with the Commission.

Kind Regards



ATTORNEYS AT LAW

Busani Mabunda – Director

MABUNDA INCORPORATED

Address: 2 Protea Road, Corner Riley, Bedfordview, 2008
 PO BOX 61238, Marshalltown, 2107
 DOCEX 424 JHB

Tel: (011) 450 1641/2264

Fax: 011 450 1566

Email: busani@mabundainc.co.za

Notice of Confidentiality

This transmittal may contain information which is confidential or privileged. The information is intended only for the individuals to whom it is addressed. If you are not the intended recipient, be aware that any disclosure, copying, distribution or other use of the contents is prohibited. If you are not the intended recipient, please immediately notify the sender by reply e-mail or phone and delete this message and its attachments, if any.



2nd floor, Hillside House
17 Empire Road,
Parktown
Johannesburg
2193

Tel: (010) 214-0651

Email:

inquiries@sastatecapture.org.za

Website:

www.sastatecapture.org.za

**JUDICIAL COMMISSION OF INQUIRY INTO ALLEGATIONS OF STATE CAPTURE,
CORRUPTION AND FRAUD IN THE PUBLIC SECTOR INCLUDING ORGANS OF STATE**

NOTICE IN TERMS OF RULE 3.3

TO : Mr. DES VAN ROOYEN

C/O : Lucky Thekisho Inc. Attorneys
Burlington House
1st Floor Suite 106-108
235 Helen Joseph Street
Pretoria (CBD)
Email: thekisho@gmail.com

IN TERMS OF RULE 3.3 OF THE RULES OF THE JUDICIAL COMMISSION OF INQUIRY INTO ALLEGATIONS OF STATE CAPTURE, CORRUPTION, FRAUD IN THE PUBLIC SECTOR INCLUDING ORGANS OF STATE ("THE COMMISSION"), YOU ARE HEREBY GIVEN NOTICE THAT:

- 1 On 16 November 2018 the Commission received a signed statement from Mr LUNGISA FUZILE ("the witness") wherein he implicated or may have implicated you. A copy of the witness's statement that implicates or may implicate you is attached as "A".

- 2 The Commission's Legal Team intends to present this evidence contained in Annexure "A" on 21 and 22 November 2018 at 10H00 .
- 3 The witness statement implicates you in, *inter alia*, the following respects:
- 3.1 During and in December 2015, you appointed Mr Bobat, Mr Mabaso and Mr Whitley as your advisors and Chief of Staff, respectively, in a manner that was improper and/or unlawful .
- 3.2 At the time Mr Mabaso was appointed as an advisor to yourself he was allegedly employed as an advisor to Minister Mosebenzi Zwane and he was thus bringing expertise on how to "take over an institution" in the context of the state capture phenomenon.
- 3.3 The witness formed an impression from your appointment of these three advisors that there was a connection between what the Guptas wanted and what the President of the country wanted and was doing.
- 3.4 Mr Bobat , as your advisor, shared classified information with the people outside government, such as Mr Eric Wood, for their benefit.
- 3.5 Mr Bobat ,as your advisor , interfered unlawfully with the administration and management of the National Treasury by giving instructions to , *inter alia*, the Director- General and the Head of Communications.
- 3.6 In your appointment of your advisors you failed to follow proper processes and background checks and policies and may have contravened the Public Service Act and the provisions of the Dispensation for the Appointment and Remuneration of Special Advisers.

4 As indicated above, the witness will give evidence at the hearing on 21 and 22 November 2018 at 10H00 at 4th Floor, Hill on Empire, 16 Empire Road, Parktown, Johannesburg.

5 You may attend the hearing at which the witness gives evidence.

6 You may be assisted by a legal representative when the witness gives evidence.

7 If you wish to:

7.1 give evidence yourself;

7.2 call any witness to give evidence on your behalf; or

7.3 cross-examine the witness

then you must apply, within fourteen (14) calendar days of this notice, in writing to the Commission for leave to do so.

8 An application referred to in paragraph 7 above must be submitted to the Secretary of the Commission. The application must be submitted with a statement from you in which you respond to the witness's statement in so far as it implicates you. The statement must identify what parts of the witness statement are disputed or denied and the grounds on which they are disputed or denied.

9 In the event that you believe that you have not been given a reasonable time from the issuance of this notice to the date on which the witness is to give evidence as set out in

paragraph 4 above and you are prejudiced thereby, you may apply to the Commission in writing for such order as will ensure that you are not seriously prejudiced.

DATED AT Soweto on this 19th day of November 2018.


Dr K. De Wee

Secretary

Judicial Commission of Inquiry into Allegations of
State Capture, Corruption and Fraud
in the Public Sector including Organs of State

Busani Mabunda

From: Microsoft Outlook
To: thekishol@gmail.com
Sent: Monday, 19 November 2018 10:26 PM
Subject: Relayed: JUDICIAL COMMISSION OF INQUIRY INTO ALLEGATIONS OF STATE CAPTURE CORRUPTION AND FRAUD IN THE PUBLIC SECTOR INCLUDING ORGANS OF STATE:MR LUNGISA FUZILE/MR DES VAN ROOYEN

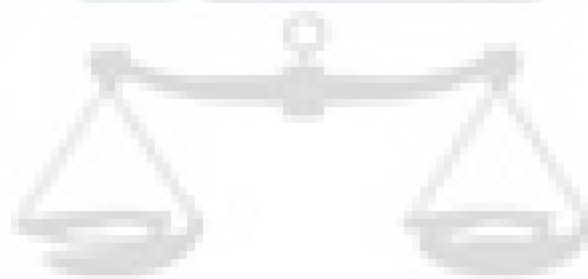
Delivery to these recipients or groups is complete, but no delivery notification was sent by the destination server:

thekishol@gmail.com (thekishol@gmail.com)

Subject: JUDICIAL COMMISSION OF INQUIRY INTO ALLEGATIONS OF STATE CAPTURE CORRUPTION AND FRAUD IN THE PUBLIC SECTOR INCLUDING ORGANS OF STATE:MR LUNGISA FUZILE/MR DES VAN ROOYEN



JUDICIAL
COMMISSION O...



COMMISSION OF INQUIRY
INTO STATE CAPTURE

Busani Mabunda

From: Busani Mabunda
Sent: Monday, 19 November 2018 10:37 PM
To: Piet Du Plessis
Subject: RE: JUDICIAL COMMISSION OF INQUIRY INTO ALLEGATIONS OF STATE CAPTURE, CORRUPTION AND FRAUD IN THE PUBLIC SECTOR INCLUDING ORGANS OF STATE: IN RE: MR LUNGISA FUZILE/MR MOHAMMED BOBAT
Attachments: BOBAT (Fuzile).pdf; MR L FUZILE STATEMENT.PDF; MR L FUZILE ANNEXURES.PDF

Mr. Mohammed Bobat
 C/O: Mr Piet Du Plessis
 BDK Attorneys
 Ground Floor, Oxford Terrace
 No. 3 9th Street, Houghton Estate
 Johannesburg, 2198

Dear Mr. Du Plessis

1. We refer to the above matter.
2. We enclose herewith a notice in terms of rule 3.3 of the Commission rules, a statement and annexures for the attention of your client.
3. We look forward to your client's continued co-operation with the Commission.

Kind Regards



Busani Mabunda – Director

MABUNDA INCORPORATED

Address: 2 Protea Road, Corner Riley, Bedfordview, 2008
 PO BOX 61238, Marshalltown, 2107
 DOCEX 424 JHB
Tel: (011) 450 1641/2284
Fax: 011 450 1566

Email: busani@mabundainc.co.za

Notice of Confidentiality

This transmittal may contain information which is confidential or privileged. The information is intended only for the individuals to whom it is addressed. If you are not the intended recipient, be aware that any disclosure, copying, distribution or other use of the contents is prohibited. If you are not the intended recipient, please immediately notify the sender by reply e-mail or phone and delete this message and its attachments, if any.



2nd floor, Hillside House
17 Empire Road,
Parktown
Johannesburg
2193

Tel: (010) 214-0651

Email:

inquiries@sastatecapture.org.za

Website:

www.sastatecapture.org.za

**JUDICIAL COMMISSION OF INQUIRY INTO ALLEGATIONS OF STATE CAPTURE,
CORRUPTION AND FRAUD IN THE PUBLIC SECTOR INCLUDING ORGANS OF STATE**

NOTICE IN TERMS OF RULE 3.3

TO : Mr Mohammed Bobat

C/O : Mr Piet Du Plessis
BDK Attorneys
Ground Floor, Oxford Terrace
No. 39th Street, Houghton Estate
Johannesburg, 2198

Email : pdp@bdk.co.za

IN TERMS OF RULE 3.3 OF THE RULES OF THE JUDICIAL COMMISSION OF INQUIRY INTO ALLEGATIONS OF STATE CAPTURE, CORRUPTION, FRAUD IN THE PUBLIC SECTOR INCLUDING ORGANS OF STATE ("THE COMMISSION"), YOU ARE HEREBY GIVEN NOTICE THAT:

- 1 On 16 November 2018 the Commission received a signed statement from Mr LUNGISA FUZILE ("the witness") wherein he implicated or may have implicated you.

A copy of the witness's statement that implicates or may implicate you is attached as "A".

2 The Commission's Legal Team intends to present this evidence contained in Annexure "A" on 21 and 22 November 2018 at 10H00 .

3 The witness statement implicates you in, *inter alia*, the following respects:

3.1 During and in December 2015, you were improperly and/or unlawfully appointed as an advisor to Minister Van Rooyen without you having been appointed by the National Treasury and in particular the witness himself who was the Director – General at the time.

3.2 You issued instructions to the witness and Head: Communications, Ms Macanda which were contrary to the communication policy of the National Treasury and thus interfered with the administration and management of the Department of National Treasury.

3.3 He observed that Mr Van Rooyen had not known you for long before he brought you to National Treasury because he struggled to remember your name and position.

3.4 He formed an impression from your appointment that there was a connection between what the Guptas wanted and what the President of the country wanted and was doing.

3.5 You unlawfully shared classified information which was intended for cabinet with people outside government including a Mr Eric Wood for their benefit.

4 As indicated above, the witness will give evidence at the hearing on 21 and 22
November 2018 at 10H00 at 4th Floor, Hill on Empire, 16 Empire Road, Parktown,
Johannesburg.

5 You may attend the hearing at which the witness gives evidence.

6 You may be assisted by a legal representative when the witness gives evidence.

7 If you wish to:

7.1 give evidence yourself;

7.2 call any witness to give evidence on your behalf; or

7.3 cross-examine the witness

then you must apply, within fourteen calendar days of this notice, in writing to the
Commission for leave to do so.

8 An application referred to in paragraph 7 above must be submitted to the Secretary of
the Commission. The application must be submitted with a statement from you in which
you respond to the witness's statement in so far as it implicates you. The statement must
identify what parts of the witness statement are disputed or denied and the grounds on
which they are disputed or denied.

9 In the event that you believe that you have not been given a reasonable time from the
issuance of this notice to the date on which the witness is to give evidence as set out in

paragraph 4 above and you are prejudiced thereby, you may apply to the Commission in writing for such order as will ensure that you are not seriously prejudiced.

DATED AT Harare on this 19th day of November 2018.


Dr K. De Wee
Secretary

**Judicial Commission of Inquiry into Allegations of
State Capture, Corruption and Fraud
in the Public Sector including Organs of State**



Busani Mabunda

From: postmaster@bdk.co.za
To: Piet Du Plessis
Sent: Monday, 19 November 2018 10:37 PM
Subject: Delivered: RE: JUDICIAL COMMISSION OF INQUIRY INTO ALLEGATIONS OF STATE CAPTURE, CORRUPTION AND FRAUD IN THE PUBLIC SECTOR INCLUDING ORGANS OF STATE:IN RE: MR LUNGISA FUZILE/MR MOHAMMED BOBAT

Your message has been delivered to the following recipients:

Piet Du Plessis (ndp@bdk.co.za)

Subject: RE: JUDICIAL COMMISSION OF INQUIRY INTO ALLEGATIONS OF STATE CAPTURE, CORRUPTION AND FRAUD IN THE PUBLIC SECTOR INCLUDING ORGANS OF STATE:IN RE: MR LUNGISA FUZILE/MR MOHAMMED BOBAT



RE: JUDICIAL
COMMISSION O...

