

COMMISSION OF INQUIRY INTO STATE CAPTURE

HELD AT

PARKTOWN, JOHANNESBURG

10

26 JULY 2019

DAY 141

20

PROCEEDINGS ON 26 JULY 2019

CHAIRPERSON: Good morning Ms Gcabashe.

ADV LEAH GCABASHE SC: Good morning.

CHAIRPERSON: Good morning everybody.

ADV LEAH GCABASHE SC: Good morning DCJ.

CHAIRPERSON: I apologise that we are starting ten minutes late but let us – let us – let us proceed.

ADV LEAH GCABASHE SC: Thank you Sir.

CHAIRPERSON: Thank you.

10 **ADV LEAH GCABASHE SC**: Mr Basson we are simply continuing to lead your evidence that you started presenting yesterday.

MR WILLEM BASSON [through interpreter]: Understood.

ADV LEAH GCABASHE SC: You...

CHAIRPERSON: I am sorry let me just confirm for the record that the new interpreter has been sworn in. So – but Ms Gcabashe it looks like my staff did not give me the file that has got Mr Basson's statement because I believe it is a smaller file.

ADV LEAH GCABASHE SC: The very small one it is indeed.

20 **CHAIRPERSON**: Ja. Ja. Okay I have got it now. We can proceed thank you.

ADV LEAH GCABASHE SC: Thank you – thank you Chairman.

CHAIRPERSON: I think we will have to start afresh. In other words in terms of the evidence of Mr Basson. I believe we should rather start afresh and not continue from where we left off yesterday because there is – there was a challenge with the interpreter. We do not want a

situation where part of Mr Basson's evidence may be said to be tainted because the interpreter was not doing a good job. So I think let us start afresh.

ADV LEAH GCABASHE SC: We will do that Chairman.

CHAIRPERSON: Thank you. So you understand that Mr Basson? I think the interpreter might not have been paying attention to what I was saying because she thought I was just speaking to counsel only. Did you understand what I said Ms Interpreter?

MR WILLEM BASSON [through interpreter]: Understood Chair.

10 **CHAIRPERSON:** Thank you very much.

ADV LEAH GCABASHE SC: Mr Basson I am actually going to start right at the beginning and ask you to identify the name on page 1 of your statement?

MR WILLEM BASSON [through interpreter]: Willie Basson.

ADV LEAH GCABASHE SC: Then Mr Basson if you could go to page 6 of our statement. There under the – or rather above the word deponent there is a signature – whose signature is that?

MR WILLEM BASSON [through interpreter]: My signature Chair.

20 **ADV LEAH GCABASHE SC:** On what date and at what place did you depose to this affidavit?

MR WILLEM BASSON [through interpreter]: The 26 June, Vrede.

ADV LEAH GCABASHE SC: And you are familiar with the contents of this document?

MR WILLEM BASSON [through interpreter]: I am.

ADV LEAH GCABASHE SC: Thank you. Mr Basson where do you live?

MR WILLEM BASSON [through interpreter]: In Church Street in Vrede.

ADV LEAH GCABASHE SC: Do you have a home anywhere else?

MR WILLEM BASSON [through interpreter]: I have a few.

ADV LEAH GCABASHE SC: You have a home down the road in Warden?

MR WILLEM BASSON [through interpreter]: Correct.

ADV LEAH GCABASHE SC: Where do you – are you employed?

MR WILLEM BASSON [through interpreter]: I am. I am an owner of a
10 business.

ADV LEAH GCABASHE SC: What is the nature of the business that you conduct?

MR WILLEM BASSON [through interpreter]: It is earth moving equipment, transport, liquor stores, shops, I have many businesses.

ADV LEAH GCABASHE SC: In Vrede what business do you own?

MR WILLEM BASSON [through interpreter]: Vrede tractors – earth moving business.

ADV LEAH GCABASHE SC: Yes I am looking at paragraph 5 of your statement. What do you do with this earth moving equipment?

20 **MR WILLEM BASSON [through interpreter]:** I build roads, dams and I also rent it out.

ADV LEAH GCABASHE SC: You are also a farmer?

MR WILLEM BASSON [through interpreter]: Correct.

ADV LEAH GCABASHE SC: And you know quite a few farmers in the local area of Vrede?

MR WILLEM BASSON [through interpreter]: That is correct Chair.

ADV LEAH GCABASHE SC: Do you by any chance know any of the four commercial farmers who had a farm where the current Vrede Dairy Farm is located on that land?

MR WILLEM BASSON [through interpreter]: I do know them.

ADV LEAH GCABASHE SC: Would you know who the occupant of the portion on which the Vrede Dairy Farm currently operates from? Who the occupant of that farm was before Estina took it over?

MR WILLEM BASSON [through interpreter]: It was Krynaauwslust
10 Farmer – Farming. It was the Greyling brothers.

ADV LEAH GCABASHE SC: Who was the immediate past tenant of the property?

MR WILLEM BASSON [through interpreter]: Greyling.

ADV LEAH GCABASHE SC: And who originally owned that property?

MR WILLEM BASSON [through interpreter]: The municipality.

ADV LEAH GCABASHE SC: Yes. Were any of those four commercial farmers [intervention].

CHAIRPERSON: I am sorry Ms Gcabashe I am not sure whether Mr Basson understood your question. I think your question was who was
20 the immediate tenant? Who was the tenant immediately before the Vrede Dairy Farm started in that land and I think the answer was the municipality. I think the understanding is that the municipality was the owner rather than the tenant. Do you want to interpret that Ms Interpreter?

MR WILLEM BASSON [through interpreter]: Greyling Chair.

CHAIRPERSON: Thank you.

ADV LEAH GCABASHE SC: Yes thank you. Then my next question was simply the four commercial farmers who occupied that farm did they dabble in dairy farming or some other form of farming?

MR WILLEM BASSON [through interpreter]: It was not a dairy farm. They farmed in red meat cattle, sheep and then it was farming with regards to maize etcetera.

ADV LEAH GCABASHE SC: Yes. What about you Mr Basson? Are you a dairy farmer?

10 **MR WILLEM BASSON [through interpreter]:** No I am not a dairy farmer. My farming is with regards to red meat cattle.

ADV LEAH GCABASHE SC: Yes. Let us move onto our next aspect which is your association with Estina. How did you come to have contact with Estina?

MR WILLEM BASSON [through interpreter]: The contractor – the earlier contractor asked them too much, they overcharged them so they heard about me. They requested me to go there and do work for them. Enlarging dam, building a road and I was there up until they left.

20 **ADV LEAH GCABASHE SC:** Yes. When did you start rendering services at the Vrede Dairy Farm?

MR WILLEM BASSON [through interpreter]: Chairperson it was around about 2012 to the beginning of 2013.

ADV LEAH GCABASHE SC: Did you know any of those contractors who had been overcharging the management at Estina?

MR WILLEM BASSON [through interpreter]: No not really.

ADV LEAH GCABASHE SC: They were not from the locality? Not from Vrede, Memel, Warden?

MR WILLEM BASSON [through interpreter]: No.

ADV LEAH GCABASHE SC: Do you know where they were from?

MR WILLEM BASSON [through interpreter]: Ermelo, Nelspruit and I also think from Standerton.

ADV LEAH GCABASHE SC: So when you took over after they left were there any other contractors at the Vrede Dairy Farm?

MR WILLEM BASSON [through interpreter]: Correct it was Koos Eksteen he is actually an engineer.

ADV LEAH GCABASHE SC: Had Koos Eksteen been working with those contractors whose services were terminated?

MR WILLEM BASSON [through interpreter]: I am not sure but I worked with him the whole time. I also invoiced him not Estina. He obtained the work from Estina.

ADV LEAH GCABASHE SC: Oh can we then understand this clearly. Did Estina contract with you directly or did Estina contract with you through Koos Eksteen's company?

MR WILLEM BASSON [through interpreter]: Estina contracted me directly but Koos Eksteen had other work which they contracted him in.

ADV LEAH GCABASHE SC: So the work that Koos Eksteen was doing was at the farm?

MR WILLEM BASSON [through interpreter]: Correct.

ADV LEAH GCABASHE SC: Was Koos Eksteen a local chap?

MR WILLEM BASSON [through interpreter]: No from Pretoria.

ADV LEAH GCABASHE SC: And how long did he remain on contract at the farm?

MR WILLEM BASSON [through interpreter]: Easily eight to twelve months.

ADV LEAH GCABASHE SC: You say you worked closely with him. What work did the two of you do together?

MR WILLEM BASSON [through interpreter]: I did the earth moving part. I filled it up. He measured it out. You call it dumpy level so he showed us what to do there.

10 **ADV LEAH GCABASHE SC:** Okay. Who was the overall manager at the farm at the time you and Koos were working together?

MR WILLEM BASSON [through interpreter]: C P Paras.

ADV LEAH GCABASHE SC: Would that be Mr Chandrama Prasad also known as CP in the area?

MR WILLEM BASSON [through interpreter]: That is correct Chairperson.

ADV LEAH GCABASHE SC: Did Mr Prasad have a house in town or did he live on the farm?

MR WILLEM BASSON [through interpreter]: He had a home in town.

20 **ADV LEAH GCABASHE SC:** Yes. So your evidence is that really from about late 2012 to 2013 your equipment was hired to do work on the farm?

MR WILLEM BASSON [through interpreter]: That is correct but it was much longer up until the end Estina rented machinery from me.

ADV LEAH GCABASHE SC: Up until Estina PTY Limited left the farm?

MR WILLEM BASSON [through interpreter]: That is correct
Chairperson.

ADV LEAH GCABASHE SC: Are you still involved in work at the farm?

MR WILLEM BASSON [through interpreter]: Yes.

ADV LEAH GCABASHE SC: And have you been working there all along
even after Estina left?

MR WILLEM BASSON [through interpreter]: That is correct. I have
been doing work with them. Currently in my workshop there are
tractors, implements and bakkies which I am working on for them.

10 **ADV LEAH GCABASHE SC:** So when the Free State Development
Corporation took over the farm you were still working there as a
contractor?

MR WILLEM BASSON [through interpreter]: Correct.

ADV LEAH GCABASHE SC: Who was the manager who was in charge
of operations when the Free State Development Corporation took over
the farm?

MR WILLEM BASSON [through interpreter]: I do not know.

ADV LEAH GCABASHE SC: When did Mr Prasad leave? Did he leave
when Estina packed up and left?

20 **MR WILLEM BASSON [through interpreter]:** No he was still there a
few months.

ADV LEAH GCABASHE SC: So that would mean that it is possible that
when the FDC took over Mr Prasad was still there?

MR WILLEM BASSON [through interpreter]: If I may say he was – he
was in Vrede not on the farm because he and a person from Pakistan

built a big bakery in town.

ADV LEAH GCABASHE SC: Okay. Let me bring you back to your affidavit and at paragraph 8 you talk about earth moving works related to various cattle sheds.

MR WILLEM BASSON [through interpreter]: We may proceed.

ADV LEAH GCABASHE SC: If you go to annexure WB1 there you included in your statement an invoice in the amount of R6,384.00. Tab number 1.

MR WILLEM BASSON [through interpreter]: I do see it.

10 **ADV LEAH GCABASHE SC:** The very next page, page 8 has an invoice for R3,192.00. And the third invoice is for R3,192.00.

MR WILLEM BASSON [through interpreter]: I do see it.

ADV LEAH GCABASHE SC: The fourth again R3,192.00.

MR WILLEM BASSON [through interpreter]: I do see it.

ADV LEAH GCABASHE SC: The next one and the last one all are for R23,192.00.

MR WILLEM BASSON [through interpreter]: I do see it.

ADV LEAH GCABASHE SC: Now these invoices what do they relate to? Do they relate to – no just tell me what they relate to?

20 **MR WILLEM BASSON [through interpreter]:** In other words the work they did.

ADV LEAH GCABASHE SC: You see here you have written hire of TLB.

MR WILLEM BASSON [through interpreter]: That is correct yes.

ADV LEAH GCABASHE SC: And because you annex those invoices to

paragraph 8 do you want the Chairman to understand that those invoices were for all the items you mentioned in paragraph 8?

MR WILLEM BASSON [through interpreter]: May I repeat the question to the witness Chairperson? Correct.

ADV LEAH GCABASHE SC: It is – that amount approximates to about R22 / R23 000.00 I just looked at the numbers very quickly now. That is just an approximate figure if I combine all those invoices. It is – that amount approximates to about R22 / R23 000.00 I just looked at the numbers very quickly now. That is just an approximate figure if I
10 combine all those invoices.

MR WILLEM BASSON [through interpreter]: Correct.

ADV LEAH GCABASHE SC: Thank you. The only thing I would like you to explain to the Chairman is what the purpose of the cattle sheds is?

MR WILLEM BASSON [through interpreter]: Chairperson the reason for the cattle sheds are as follows: Dairy cattle is very expensive cattle so they were placed under the roof or indoors. They were fed indoors. Cages or compartments for the cattle was built in the shed and then also cattle who was pregnant and who was going to have
20 babies

CHAIRPERSON: Calves.

MR WILLEM BASSON [through interpreter]: They were calves.

CHAIRPERSON: Calves.

MR WILLEM BASSON [through interpreter]: They were placed there as well.

ADV LEAH GCABASHE SC: Thank you. Did you build those cattle sheds?

MR WILLIE BASSON (through interpreter): No Chairperson. I did not build it. What I did was with regards to the earthmoving work which had to be done, concrete. It is very big sheds.

ADV LEAH GCABASHE SC: Do you ...?

CHAIRPERSON: I am sorry Ms Gcabashe. I just want to mention that yesterday's interpreter said to me afterwards that part of his problem was that he was an urban person and was not used to the terminology
10 that is used on the farms about the equipment and so on. So I am just saying she is also saying babies. I guess she is also urban.

INTERPRETER: Yes.

CHAIRPERSON: Okay. Let us proceed.

ADV LEAH GCABASHE SC: Thank - thank you Chairman. Do you know who build those two - you said there were two cattle sheds, two large structures?

MR WILLIE BASSON (through interpreter): There are more.

ADV LEAH GCABASHE SC: I am specifically talking about the cattle sheds though.

20 **MR WILLIE BASSON (through interpreter):** I think two.

ADV LEAH GCABASHE SC: Do you know who built those two cattle shed - sheds?

MR WILLIE BASSON (through interpreter): No I am not sure.

ADV LEAH GCABASHE SC: So when you arrived to start working at the farm those cattle sheds were up. They had been built already?

MR WILLIE BASSON (through interpreter): That is correct yes.

ADV LEAH GCABASHE SC: Had you visited this farm before Estina took over the farm?

MR WILLIE BASSON (through interpreter): That is correct. That is correct Chairperson because I am a service provider for the municipality. I went there to collect or pick up tractors for me to repair.

ADV LEAH GCABASHE SC: Were those two cattle sheds on the property before Estina arrived?

MR WILLIE BASSON (through interpreter): No.

10 **ADV LEAH GCABASHE SC:** Yes, thank you. The next aspect I want to move to is your paragraph 9 where you speak about the processing plant.

MR WILLIE BASSON (through interpreter): I do see it.

ADV LEAH GCABASHE SC: In your paragraph 11 you speak about this processing plant.

MR WILLIE BASSON (through interpreter): I do see it. May I tell you a sentence?

ADV LEAH GCABASHE SC: Please do. Can you just describe what you did? Who you worked with etcetera to the Chairman?

20 **MR WILLIE BASSON (through interpreter):** The containers were shaped to the country from India and I was the only person who had such a large crane to get the equipment or things out of the containers. There were Guptas from India. Nobody really introduced them to me. They were just there. Then they asked me if I could assist them with tools.

I did so but then they could not really do the work. So then I sent some of my workers to assist. Gas plants, welding machines, forklifts any equipment which you can think of in order to erect such a place as well as my workers who know the job.

ADV LEAH GCABASHE SC: So I am understanding you to say one, you helped construct the milk processing plant itself.

MR WILLIE BASSON (through interpreter): Correct. Is this now the plant who would be making yoghurt and powder milk? Is that what you are referring to?

10 **ADV LEAH GCABASHE SC:** That is the one that I am referring to.

MR WILLIE BASSON (through interpreter): Yes. That is correct. I was of great assistance but I also have to add I work at 10 to 12 places at a time. So I am not always there. I try to be there every second day at least but my workers are there every day.

ADV LEAH GCABASHE SC: Who supervised the work that your workers were doing on a day to day basis?

MR WILLIE BASSON (through interpreter): The Guptas. They came from India to do the job but they could not really do the job. They did not even have a screwdriver.

20 **ADV LEAH GCABASHE SC:** So you are saying that there were three gentlemen who were there who you believed were members of the Gupta family?

MR WILLIE BASSON (through interpreter): Correct.

ADV LEAH GCABASHE SC: And their job was too establish the milk processing plant from scratch?

MR WILLIE BASSON (through interpreter): That is correct yes.

ADV LEAH GCABASHE SC: Who was responsible for the design of the building for sketching the drawings for that particular building? Just the milk processing plant.

MR WILLIE BASSON (through interpreter): It was one of those Guptas. He brought plans with him from India.

ADV LEAH GCABASHE SC: So he then took you through the plans because you were the only person who could actually build this facility?

MR WILLIE BASSON (through interpreter): Correct but now with me
10 with my workers.

ADV LEAH GCABASHE SC: But the specifications were those of the three Guptas employees?

MR WILLIE BASSON (through interpreter): Correct from the plans.

ADV LEAH GCABASHE SC: Chairman with your permission I would like to show Mr Basson some of the pictures that we used when we started.

CHAIRPERSON: Yes.

ADV LEAH GCABASHE SC: Just to confirm whether this is the same building that his company built or whether this is a different building
20 completely with your permission.

CHAIRPERSON: Yes that is fine.

ADV LEAH GCABASHE SC: Chairman we have spare copies. I do not know if you want us to just hand one up for your convenience.

CHAIRPERSON: I think I still have ...

ADV LEAH GCABASHE SC: We have yet - yes that is the one

Chairman.

CHAIRPERSON: Yes, okay alright. Get him to assist.

ADV LEAH GCABASHE SC: I am specifically looking at page 5 of that document. It is paginated at the bottom.

CHAIRPERSON: I think when - I am sorry - I think when we used it last time we simply said it is the hardcopy of the slides that were shown. We did not put there as an exhibit but maybe we should put it as an exhibit. What do you think Ms Gcabashe?

ADV LEAH GCABASHE SC: We had indicated that we would add it to
10 the reference bundle Chairman ...

CHAIRPERSON: Oh, okay yes.

ADV LEAH GCABASHE SC: But it might be easier because we may have to show quite a few people.

CHAIRPERSON: Yes.

ADV LEAH GCABASHE SC: This particular ...

CHAIRPERSON: Yes.

ADV LEAH GCABASHE SC: Package.

CHAIRPERSON: Do - do you know what exhibit number we should give it?

20 **ADV LEAH GCABASHE SC**: I am being advised that it is ...

CHAIRPERSON: Yes.

ADV LEAH GCABASHE SC: I am advised that it will be item 96 in the reference bundle. That is if we include it in the reference bundle
Chairman.

CHAIRPERSON: Yes. Okay. The document that has been placed

before the witness right now is a hard copy of the slides that were shown to me at the - on the first of the evidence relating to the Vrede Dairy Farm. It will be added at the end of EXHIBIT HH marked reference bundle as item 96 - as item 96. So I think we can just refer it as the hard copy of the slides or something like that.

ADV LEAH GCABASHE SC: Thank you Chairman.

CHAIRPERSON: Just so that whoever reads knows what document is being referred to.

ADV LEAH GCABASHE SC: Thank you.

10 **CHAIRPERSON:** Okay.

ADV LEAH GCABASHE SC: I am indebted to you Chairman.

CHAIRPERSON: Alright.

ADV LEAH GCABASHE SC: So this document which we are calling the hardcopy of the slides has various pictures taken at the farm in April this year. If you could look at page 5 which I believe represents the milk processing plant.

MR WILLIE BASSON (through interpreter): It is correct. It is photos of the milk processing plant but we did not build that shed or that storeroom. We only built ...

20 **INTERPRETER:** And the witness pointed to the first photo on page 5. That is the ...

CHAIRPERSON: Is it the silver greyish shed.

MR WILLIE BASSON (through interpreter): We erected the boiler and then there is a covering roof there which we built. You will see on photo two just to the right of the photo of the shed that is a container.

We also did the concrete work.

INTERPRETER: And Chairperson the witness paged to page 6 ...

CHAIRPERSON: Yes.

INTERPRETER: And pointed out to the photo at the top of the page in more or less the middle.

CHAIRPERSON: Yes.

INTERPRETER: Those things they ...

CHAIRPERSON: The equipment there?

INTERPRETER: Erected themselves.

10 **CHAIRPERSON:** The equipment?

INTERPRETER: Yes Chair.

CHAIRPERSON: Okay. Who built the equipment or who installed it?

MR WILLIE BASSON (through interpreter): It was my workers together with the Guptas.

CHAIRPERSON: That is the installation?

MR WILLIE BASSON (through interpreter): Correct Chairperson.

CHAIRPERSON: Thank you.

20 **ADV LEAH GCABASHE SC:** Mr Basson you also - I heard the word scrap metal as you were giving your explanation. Can you just repeat what you were saying about scrap metal?

MR WILLIE BASSON (through interpreter): That boiler which you see on the photo when that was taken out of the container it was pieces. There was rust, pieces fell off like fish ...

INTERPRETER: My apologies.

ADV LEAH GCABASHE SC: Scales.

MR WILLIE BASSON (through interpreter): Scales yes. It was scrap metal. You could see that it was not proper - proper metal.

ADV LEAH GCABASHE SC: So what had been brought from India and was offloaded from the container when you were there was what you would call scrap metal - second-hand goods?

MR WILLIE BASSON (through interpreter): Correct. That is correct. I was there. It is the truth and I saw it. I still told my workers look at how the rusty shells are falling off.

ADV LEAH GCABASHE SC: As you can see from the heading at the
10 top of page 5 of the hard copy of slides this processing plant including some additional equipment costs something in the region of R37 million.

MR WILLIE BASSON (through interpreter): (No interpretation).

ADV LEAH GCABASHE SC: And when you say not that storeroom you are talking about the room on page 6 where you have a picture in middle. When - when the Chairman asked you, you said you assisted in installing that. Is that what you are calling the storeroom?

MR WILLIE BASSON (through interpreter): Correct the Indians but we did not erect the storeroom.

20 **ADV LEAH GCABASHE SC:** I - I am sorry to - to ask again. I just want you to describe what you are calling the storeroom Mr Basson. I heard you talk about the roof earlier on. I really just want to - and that you say you - you installed the roof or you helped build the roof of the big grey building. I simply want to understand what you are calling the storeroom because you say you were not responsible for the storeroom.

MR WILLIE BASSON (through interpreter): This whole storeroom.

INTERPRETER: And the witness is pointing to the long building depicted in photo one on page 5.

ADV LEAH GCABASHE SC: Yes that helps but are you saying you did put the roof up for that building?

MR WILLIE BASSON (through interpreter): No I did not put up or erect the roof of this building. If you look at the left - to the left of that building where the boiler is. You will see there is a small roof there. That is which I built or erected.

10 **ADV LEAH GCABASHE SC:** If you could just mark it on the hard copy that you have Mr Basson what you - you put up but I can see that building. It is just behind the larger building and it has a little grey roof.

INTERPRETER: Chairperson the pen does not write on ...

CHAIRPERSON: They will give you a pen.

INTERPRETER: The witness drew a square around the roof which was erected and also made a line on the photo where the boiler would be.

ADV LEAH GCABASHE SC: Thank you. Chairman I do not know if you want to look at that now. Whether we will look at it - you prefer to look
20 at it a little later.

CHAIRPERSON: I am - I am easy. I - I can look at it. It just depends ...

ADV LEAH GCABASHE SC: At tea time.

CHAIRPERSON: On your next questions. *Ja*, I can look at it later.

ADV LEAH GCABASHE SC: Thank you Chairman.

CHAIRPERSON: *Ja.*

ADV LEAH GCABASHE SC: Still ...

CHAIRPERSON: I am just wondering whether the person who lent the marker might not be needing it or whether the witness will still be needing it. No I think he indicates he has got more than one. So that is fine. Okay, alright.

ADV LEAH GCABASHE SC: Thank you.

CHAIRPERSON: Let us continue.

ADV LEAH GCABASHE SC: Thank you Chairman. I am looking at the
10 interior of - still on page 5 - I am looking at the interior of this milk
processing plant Mr Basson and I can see the big boiler you call it and
then there are some more, further back in photo two.

MR WILLIE BASSON (through interpreter): Chairman this is not
boilers. This is containers.

ADV LEAH GCABASHE SC: What are these containers used for
Mr Basson? Do you know?

MR WILLIE BASSON: Maybe to store milk in it because they told me
they are going to process yoghurt and powder milk and things. So I
think it is containers for milk.

20 **CHAIRPERSON:** Ms Gcabashe ...

ADV LEAH GCABASHE SC: Chairman.

CHAIRPERSON: Maybe it would ...

MR WILLIE BASSON (through interpreter): (Indistinct/intervenes).

CHAIRPERSON: It would make things easier ...

INTERPRETER: Chairperson.

CHAIRPERSON: If - just hang on - if on pages 5, *ja* on page 5 we marked the various parts because both you and the interpreter have spoken about photo two or picture two. I see at the top of page 5 it says two but there are different photos or pictures. So maybe if we mark them - maybe the one with what I think is a shed would be I want to say A or one?

ADV LEAH GCABASHE SC: One please Chairman.

CHAIRPERSON: One and then the one with ...

ADV LEAH GCABASHE SC: With the tank.

10 **CHAIRPERSON:** *Ja*. Then that would be two and the one next to that would be three and the one on the extreme left at the bottom would be four. The next one five. The next one six. The next one seven. So it makes things easy - makes it easier when we talk to say we are talking - okay let me repeat. One ...

ADV LEAH GCABASHE SC: Chairman if I might.

CHAIRPERSON: *Ja*.

ADV LEAH GCABASHE SC: Maybe we should go over the page because it continues. It is the same interior.

CHAIRPERSON: Oh it continues?

20 **ADV LEAH GCABASHE SC:** Yes sir.

CHAIRPERSON: Then in the next page should it not start from one on the basis that it is on page 6 or do you want us to continue? It might be more convenient if we start from one.

ADV LEAH GCABASHE SC: That is ...

CHAIRPERSON: And then we will just say on page 6 photo one.

ADV LEAH GCABASHE SC: That is in order Chairman.

CHAIRPERSON: *Ja*. So the one on the extreme left would be number one. The one next to it at the top would be two. The one right at the corner at the top extreme right would be three. The one immediate - well maybe immediately below that one will be four and then the one at the bottom will be five. Well the page after that there are only two. One can say the one on the left and the other on the right.

ADV LEAH GCABASHE SC: Thank you Chairman.

CHAIRPERSON: I - I think that should be fine. Do - do we - you got it
10 right? Okay, alright thank you. *Ja*, thank you.

MR WILLIE BASSON: You want to continue?

CHAIRPERSON: No, no we only do this. Maybe what I - what I - I could just ask this before you proceed Ms Gcabashe. Maybe you can indicate whether at page 5 photos 2, three, four, five, six and seven are the interior of what I call the shed on page 1?

ADV LEAH GCABASHE SC: They are indeed Chair.

CHAIRPERSON: They are the interior?

ADV LEAH GCABASHE SC: They are the interior of that ...

CHAIRPERSON: Yes. That *ja*.

20 **ADV LEAH GCABASHE SC:** What you are calling the shed.

CHAIRPERSON: Okay.

ADV LEAH GCABASHE SC: Photo one.

CHAIRPERSON: Yes but that is the plant processing - that is the - what plant?

ADV LEAH GCABASHE SC: Milk - milk processing plant.

CHAIRPERSON: Milk processing plant?

ADV LEAH GCABASHE SC: Correct Chairman.

CHAIRPERSON: Okay, thank you.

INTERPRETER: Chairperson the witness requested me to inform you about something.

CHAIRPERSON: Oh, yes. Let him do so.

INTERPRETER: The witness indicated that this plant never worked one day.

CHAIRPERSON: Oh, okay. Okay.

10 **ADV LEAH GCABASHE SC:** Yes.

CHAIRPERSON: Yes.

ADV LEAH GCABASHE SC: How do you know that Mr Basson?

MR WILLIE BASSON (through interpreter): We were on the farm always and the visas of the Guptas expired. So they had to go back before they started here.

ADV LEAH GCABASHE SC: Do you know if this building was in the condition depicted in these photographs when the Guptas left?

MR WILLIE BASSON (through interpreter): Correct.

20 **ADV LEAH GCABASHE SC:** And just for clarity when you speak of the Guptas here at Vrede you are talking about three individuals who had come from India to install this particular plant?

MR WILLIE BASSON (through interpreter): Correct. They still brought their wives as well.

CHAIRPERSON: Maybe if I can follow up on that. Do you call them the Guptas because you understood that that is their - that was there

surname or is there - is that not the reason for calling them the Guptas?

MR WILLIE BASSON (through interpreter): That is the reason Chairperson.

CHAIRPERSON: Thank you.

ADV LEAH GCABASHE SC: You are saying their surname was Gupta?

MR WILLIE BASSON (through interpreter): Correct.

ADV LEAH GCABASHE SC: Do - do you know if or did they at any - did they at any point tell you that they were from a company called
10 Paras?

MR WILLIE BASSON (through interpreter): Never.

ADV LEAH GCABASHE SC: The other name of the same company is VRS Foods (Pty) Ltd.

MR WILLIE BASSON (through interpreter): No Chairperson. This is the first time I am hearing this.

ADV LEAH GCABASHE SC: Did ...?

CHAIRPERSON: I am sorry.

ADV LEAH GCABASHE SC: Sorry Chairman.

CHAIRPERSON: The three persons that you say were Guptas. Did you
20 ever get to know what their names were?

MR WILLIE BASSON (through interpreter): I do not know their names Chairperson.

CHAIRPERSON: Thank you.

ADV LEAH GCABASHE SC: Where did they and their wives live when they were in Vrede?

MR WILLIE BASSON (through interpreter): In Vrede the lion farm was there - Moreson. They also slept on the premises and I know sometimes they stayed with CP at his house in Vrede.

ADV LEAH GCABASHE SC: Again for clarity these three gentlemen and their wives were not the same Gupta brothers who the newspapers have written about quite extensively who lived in Saxonwold in Johannesburg?

MR WILLIE BASSON (through interpreter): No not at all.

ADV LEAH GCABASHE SC: And I think if we just come back to the
10 picture we were looking at - the hard copy of the slides page 5. I just want you to help me understand whether these are dry walls or cement one brick walls. You can even go to page 6. It might be a little clearer there. Can you just help me; because you constructed these walls I understand you to say?

MR WILLIE BASSON (through interpreter): No. I did not erect these walls. So I cannot say what material was used but if you look on photo one this seems to be bricks but I cannot say.

ADV LEAH GCABASHE SC: That is photo one on page 6?

MR WILLIE BASSON (through interpreter): Correct.

20 **ADV LEAH GCABASHE SC:** No I am very clear now Mr Basson. You did not build this building and you certainly did not put up these walls. What ...?

MR WILLIE BASSON (through interpreter): That is correct.

ADV LEAH GCABASHE SC: What you did was install the equipment that came from that container?

MR WILLIE BASSON (through interpreter): Correct.

ADV LEAH GCABASHE SC: You have then continued to say that - at paragraph 13 - that you assisted Mr Prasad in respect of cattle that had died.

MR WILLIE BASSON (through interpreter): Correct.

ADV LEAH GCABASHE SC: Please - please tell the Chairman about that.

MR WILLIE BASSON (through interpreter): When I arrived on the farm the ribs of the cattle was already showing that is how you see
10 cattle which is very skinny or underfed.

ADV LEAH GCABASHE SC: And this would have been end of 2012/early 2013?

MR WILLIE BASSON (through interpreter): Yes correct.

CHAIRPERSON:

ADV LEAH GCABASHE SC: Yes continue. What then were you asked to assist with?

MR WILLIE BASSON (through interpreter): He asked me what he can do. Why is this happening; because dead cattle was lying around? Dead calves drifting in the stream or the water. That is why I said that
20 this is an orgy this. You can see the cattle lying around there.

ADV LEAH GCABASHE SC: Who is he who you were talking to - Mr Prasad?

MR WILLIE BASSON (through interpreter): CP, correct.

ADV LEAH GCABASHE SC: So what did you do?

MR WILLIE BASSON (through interpreter): I then told him there is no

food. These animals do not have food. I - he then replied and said but the cattle is walking there and there is grass.

INTERPRETER: And the witness demonstrated holding his hand up and his other hand about this high from his hand.

CHAIRPERSON: Can we try and - can the witness indicate more or less how many centimetres he would estimate that to be? About 10 centimetres?

ADV LEAH GCABASHE SC: About 10 to 15 I would estimate Chairman.

CHAIRPERSON: *Ja*, okay.

10 **MR WILLIE BASSON (through interpreter):** Correct Chair. About 10/15 centimetres.

CHAIRPERSON: That is how short the grass was?

MR WILLIE BASSON (through interpreter): Correct Chairperson and cattle cannot eat that. Sheep can still eat it shorter but not cattle.

CHAIRPERSON: Yes.

MR WILLIE BASSON (through interpreter): So I worked out the feed for him and I told him as a starting point he would need about a R1 million worth of feed.

CHAIRPERSON: Yes.

20 **ADV LEAH GCABASHE SC:** So his comment to you when you asked him about these cattle was that there was sufficient grass there for the cattle?

CHAIRPERSON: So - sorry. It looks like there is a problem with the - with the pictures for the TV. Reverend Stemela is not here. He is the one who normally talks to the technicians. I think maybe I should - we

should take an adjournment.

ADV LEAH GCABASHE SC: Shall we take the tea adjournment early
Chairman?

CHAIRPERSON: Yes. Let us take the tea adjournment so that it can
be sorted out. Somebody can call the Reverend Stemela also to come
in and then he and the technicians can try and sort it out. We are
going to take an adjournment so that in - in the meantime this issue
can be sorted out but we will use that as a tea break as well. It is now
about eight minutes to 11. We will come back at quarter past 11 just to
10 give the technicians enough time to sort it out. We adjourn.

REGISTRAR: All rise.

INQUIRY ADJOURNS

INQUIRY RESUMES

CHAIRPERSON: Are you ready?

ADV LEAH GCABASHE SC: Yes we are Chairman.

CHAIRPERSON: Okay, thank you.

ADV LEAH GCABASHE SC: Mr Basson when we broke for tea we were
talking about the cattle, the malnourished cattle with the ribs showing
and the amount of grass that they were expected to eat.

20 **MR WILLIE BASSON (through interpreter):** I do remember.

ADV LEAH GCABASHE SC: You also talked about the advice you gave
to Mr Prasad that he would have to buy cattle feed?

MR WILLIE BASSON (through interpreter): That is correct.

ADV LEAH GCABASHE SC: Good I just wanted to give you that
context. Let's go back to your paragraph 13, how many cattle – the

first time you were told about these cattle dying roughly how many cattle had died when you got there, and I'm here looking at your paragraph 13?

MR WILLIE BASSON (through interpreter): This was during a time that they died, the cattle but when I arrived there it was about 20, if you count the calves in as well, about 30.

CHAIRPERSON: It happened over a certain period of time?

MR WILLIE BASSON (through interpreter): Correct Chairperson if you would arrive there the next day about five would have died again, I
10 buried about a hundred.

CHAIRPERSON: Are you saying you buried about a hundred since the first day you came and saw that there were cattle which had died?

MR WILLIE BASSON (through interpreter): Correct Chairperson up until the point where they did not die anymore.

CHAIRPERSON: Okay.

ADV LEAH GCABASHE SC: You also say that you assisted in the burial of cattle two to three times after the first time?

MR WILLIE BASSON (through interpreter): That is correct, CP had a small grave there on the farm where they dumped the cattle and then I
20 would bury them it was about two or three times that I went.

CHAIRPERSON: And this was in 2013 or which year was this?

MR WILLIE BASSON (through interpreter): I can't remember properly, I cannot remember what I stated here.

CHAIRPERSON: Yes but what – would it have been soon after you began to have anything to do with the Vrede Dairy Farm?

MR WILLIE BASSON (through interpreter): No Chairperson, it was a quite a while thereafter.

CHAIRPERSON: Okay thank you.

MR WILLIE BASSON (through interpreter): And I did warn him that there's no grass but he did not take that into consideration.

CHAIRPERSON: Did you give that warning soon after you began to have something to do with the dairy farm?

MR WILLIE BASSON (through interpreter): Yes Chairperson.

CHAIRPERSON: Yes, okay thank you.

10 **ADV LEAH GCABASHE SC:** Okay so I've understood that it was really hunger, malnutrition that killed these particular cattle?

MR WILLIE BASSON (through interpreter): That is correct, they died due to hunger, nothing else. The situation was so dire that I had about six of my trucks off loading feed to see and ensure that they are fed day and night and then it stated getting better.

CHAIRPERSON: Did you ever ask Mr Prasad or anybody from the Vrede farm why it was that the cattle were not given cattle feed if there wasn't enough grass and why they had to die?

20 **MR WILLIE BASSON (through interpreter):** I asked him why do you not feed the cattle and he said, but there's food, there's grass look they are eating.

CHAIRPERSON: And what did you say in response to this answer?

MR WILLIE BASSON (through interpreter): I explained to him that, that grass you can give to a sheep but not to cattle, they cannot eat that, they try to get something in but they don't. so I informed him that

he has to make a plan to get feed immediately, not tomorrow, immediately.

CHAIRPERSON: And did he take your advice this time?

MR WILLIE BASSON (through interpreter): Correct Chairperson he took the advice but he asked me if I cannot buy feed or them because they do not have the finances, I also had some on my farm, so they reimbursed me eventually.

CHAIRPERSON: Thank you.

ADV LEAH GCABASHE SC: What you describe where you speak of Mr Prasad's reaction is somebody who doesn't seem to know very much
10 about farming, would you agree with that proposition Mr Basson?

MR WILLIE BASSON (through interpreter): Definitely he does not know.

ADV LEAH GCABASHE SC: Did he have any advisors who were on staff, who were employed to assist him, advise him?

MR WILLIE BASSON (through interpreter): It was normal or general farm workers who also did not really know anything about farming. If you look how they handed or used the implements, then you would see, they did not really have any practical sense of farming, that is why I
20 said that this was a complete mess. May I add something?

CHAIRPERSON: Yes.

MR WILLIE BASSON (through interpreter): Chairperson the foreman – the workers, the foreman on the farm came from the township, Thembalihle, they had no idea of farming.

CHAIRPERSON: Yes thank you.

ADV LEAH GCABASHE SC: I'm also told, Mr Basson, that there is a plant that looks like grass but that's quite poisonous to cattle called tilpa? I'm also told that you find it in that area?

MR WILLIE BASSON (through interpreter): That is correct and it's always green so the cattle goes for it, but very quickly I informed them to give the cattle charcoal, there were a few who died because of that but it went well.

ADV LEAH GCABASHE SC: What do you normally do to stop cattle from eating that tilpa, because it comes out naturally like grass, what's
10 the correct thing to do?

MR WILLIE BASSON (through interpreter): To give the cattle food then they won't eat that.

ADV LEAH GCABASHE SC: I'm told that some farmers actually cordon off those areas to stop the cattle from those areas?

MR WILLIE BASSON (through interpreter): Yes, but it grows everywhere, this t9ilpa.

CHAIRPERSON: You said earlier on as I understood you, you also advised him to give the cattle charcoal, is that correct?

MR WILLIE BASSON (through interpreter): That is correct
20 Chairperson, it is the charcoal you use to braai, you chop it up in smaller pieces then you give it to the cattle or alternatively the vet has small packets which you can buy from and this really helps.

CHAIRPERSON: Does this help – does the charcoal help when cattle had eaten this plant that kills them, so that then they don't die or does it help to prevent them from wanting to eat this plant.

MR WILLIE BASSON (through interpreter): Chairperson this charcoal does not prevent the cattle from eating this tilpa, what this does is it cancels out or neutralises the poison from this tilpa but cattle is very clever they know they're not supposed to eat this tilpa but if they're hungry then they will eat it and the only way to avoid the cattle from eating this tilpa is to give them proper feed and mealies or maize something like that.

CHAIRPERSON: Yes and you say you did advise Mr Prasad that he should use – give the cattle charcoal in order to deal with this problem
10 with this plant?

MR WILLIE BASSON (through interpreter): Correct Chairperson, I informed him.

CHAIRPERSON: But was that when the cattle had started dying or was that long before they started dying?

MR WILLIE BASSON (through interpreter): When they started dying Chairperson, the grass became shorter so that is when they started eating the tilpa.

CHAIRPERSON: Thank you.

ADV LEAH GCABASHE SC: Thank you Chairman at your paragraph 18
20 Mr Basson, you then say that you procured approximately one million rands worth of cattle feed and delivered it to the farm?

MR WILLIE BASSON (through interpreter): Correct that is the truth, and thereafter as the time progressed I delivered about another million rands worth of feed maybe more.

ADV LEAH GCABASHE SC: Yes and Annexure WB3 is a copy of the

invoices you provided to Estina for the feed you procured? There are a number of invoices there. If you go to page 14 and you've marked them "voer vir melk koeie", you've marked all of them.

MR WILLIE BASSON (through interpreter): Correct.

ADV LEAH GCABASHE SC: Did Mr Prasad know where you even got this food from, this cattle feed from?

MR WILLIE BASSON (through interpreter): He did not know from where I obtained this cattle feed, I went as far as Middleburg which is 200 kilometres from Vrede, Harrismith, Kroonstad, I even have some
10 which was on my farm.

ADV LEAH GCABASHE SC: Two last aspects Mr Basson, the first is the guard house and the gate where you enter the farm, the cost of that on the documents that the Commission has seen, is said to have been in the region of R2.5million, I'm now looking your paragraph 21.

MR WILLIE BASSON (through interpreter): Correct, that is what they say.

ADV LEAH GCABASHE SC: What would your estimate have been of the cost of the gates, the guard house and the gravel road, entering the farm?

20 **MR WILLIE BASSON (through interpreter):** The gravel road I would estimate at about R500 000, the gate together with the guard house I would estimate about R600 000, was there another item?

ADV LEAH GCABASHE SC: No not at all, so the total that you would estimate would be about R1.1million?

MR WILLIE BASSON (through interpreter): Correct.

CHAIRPERSON: I must say this, Mr Basson, and I'm speaking as somebody who doesn't know anything about farming but even that amount that you give for the gate, that seems to me to be quite excessive for those two walls and the gate. Those two walls, from what I remember from the slides appear to be made of, maybe bricks, those two walls, and the gate why would that – if I'm correct in my understanding of what those walls are. Why should that cost more than half a million, on your estimate. Let's forget about what they say, on your own estimate?

10 **MR WILLIE BASSON (through interpreter):** Chairperson the wall is face bricks and it's a very expensive type of brick. The gate runs on a rail and it works with an electric motor and then you also have the security house or the guard house, may I add something?

CHAIRPERSON: Yes.

INTERPRETER: The witness demonstrated, holding his fingertips of the thumb and the index finger together that this is the thickness of a cable, it's about 19 millimetres, maybe a bit thicker. That cable comes from the office where the main power supply is. It runs from there to the gate and then the electric motor, it has been stolen in the past, but
20 that is how it works, and it is very expensive but it's not that much but it is expensive, this type of cable you have to have, it's an expensive type of cable but you do have to have it.

CHAIRPERSON: So would you say your estimate of R600 000 or so for the gate and the guardhouse is well informed estimate, it's based on your knowledge of these things on the farms in the area?

MR WILLIE BASSON (through interpreter): Correct Chairperson I will admit that it's expensive but our equipment or machinery it's not just a R100 000, its millions so we have to make money.

CHAIRPERSON: Ja it does sound very excessive to me, okay thank you.

ADV LEAH GCABASHE SC: Thank you Chairman. Mr Basson, did you build the gate house, the walls, the gate or did somebody else build it?

MR WILLIE BASSON (through interpreter): (Witness speaking English). Somebody else because they asked R2.5million for the gate...(intervention).
10

CHAIRPERSON: At least Mr Basson, we were told that you understand English so if we hadn't been told we would have been wondering. Okay yes?

ADV LEAH GCABASHE SC: So you say – well first you say you didn't build it, somebody else built it, do you know who that somebody else is, who built it?

MR WILLIE BASSON (through interpreter): I am not really sure there are stories that it's people from Vrede, then there are stories that it's people from Nelspruit, but when I arrived there, the gate was already done, and the people were already let go where they were – my apologies may I just confirm something.
20

CHAIRPERSON: Ja.

MR WILLEM BASSON [through interpreter]: Thank you Chairperson. Thank you Chairperson. When I arrived there the gate was already done and CP had already let the people who did that job – he let them

go. So he did not give them any additional or further work. What I also would like to add is that road the G5 gravel was this thick and the witness demonstrated his hand just a bit higher than the table. So it was a lot of deliveries and compacting.

CHAIRPERSON: Is that from the – that measure is that from the floor or from the top of the table?

MR WILLEM BASSON [through interpreter]: This measurement is from the floor Chairperson because we dug out about this much – this was clay, black soil that was disposed of and then we put in the gravel.

10 Otherwise if you do not do that you get cracks.

CHAIRPERSON: Would that measurement be about a ruler? Or how many centimetres?

ADV LEAH GCABASHE SC: Would it be about a meter? Would it be about a meter because from the ground to about there is about a meter? A meter, a meter and a half?

MR WILLEM BASSON [through interpreter]: They take the black soil and the clay out and then they put gravel or else you get pot holes in a week. It is more than the size of a ruler. I would confirm and agree about a meter, meter and a half because you take out the black soil as
20 well as the clay else you would get cracks and potholes.

CHAIRPERSON: Okay.

ADV LEAH GCABASHE SC: When you gave the evidence earlier you said we take out and then we – does that mean that you assisted in the building of that road?

MR WILLEM BASSON [through interpreter]: No.

ADV LEAH GCABASHE SC: Yes that helps, it clarifies the matter. The last item Mr Basson relates to the newspaper article that – or the newspaper interview rather that you gave to one of the newspapers. It is annexed to your papers but the copy that is here is a very poor copy. So Chairman we – can we refer you to media bundle – to the media bundle and page 26 of the media bundle?

CHAIRPERSON: Yes thank you.

ADV LEAH GCABASHE SC: Exactly the same story just another source.

10 **CHAIRPERSON:** Okay.

ADV LEAH GCABASHE SC: But literally word for word the paragraphs that we wish to rely on.

CHAIRPERSON: Okay.

MR WILLEM BASSON [through interpreter]: Could I perhaps just have the page again?

ADV LEAH GCABASHE SC: It is page 26 of the media bundle. And it is the last three paragraphs of that and the first two of page 27. Chairman if I might just read these to Mr Basson.

CHAIRPERSON: Yes.

20 **ADV LEAH GCABASHE SC:** In fact I will start with the second last paragraph that reads as follows:

“In the end a project meant to empower black farmers like Mr Dhlamini further enriched the Gupta’s and one of the wealthiest white men in Vrede Willie Basson with a fleet of vehicles, construction

equipment and billboards advertising his business all over town Mr Basson is the main government contractor in Vrede and helped build the dairy farm. But he said the Estina mismanaged the business so badly that he ended up having to dig graves for as many as a hundred cows even though he had delivered feed for them.”

And then I quote:

“They just do projects like this to get money.”

10 “He said in an interview in his office.”

“That is how they operate but luckily they paid me every cent.”

“Mr Basson said”

“Hey it is rotten in this place here.”

“He exclaimed pounding on the table in front of him.”

“And we work with all of them so we know.”

I do not know if you just want to summarise that or read it to the witness in Afrikaans? Do you recall giving this interview?

20 **MR WILLEM BASSON [through interpreter]:** Correct. If I recall correctly it was for the New York Times.

ADV LEAH GCABASHE SC: You recall correctly Mr Basson.

MR WILLEM BASSON [through interpreter]: That is correct I would just like to add something to my earlier testimony where I said that we take out this much. When I say that I am referring to all the roads in Vrede that is why I said we.

ADV LEAH GCABASHE SC: Thank you for clarifying that evidence that you gave us.

MR WILLEM BASSON [through interpreter]: Now I can continue to explain to you about this. If I deliver feed today the cattle is not going to be healthy tomorrow. They first have to eat the feed, they have to digest it. Some of the cattle were already dead. If you drive into that farm and that is the reason why I said that it is a complete mess. When you drive into that farm you would see tractors which is worth millions or rands. It is standing skew. The tyres are flat. The bonnets are
10 open. It is stripped. Implements which is broken and then against the slope they created a new piece of land where they wanted to plant. Now with the first rain all that soil will come down. You cannot plough and plant against a slope.

ADV LEAH GCABASHE SC: Yes. So you confirm that you are the main government contractor in Vrede?

MR WILLEM BASSON [through interpreter]: No that is not correct. I am a contractor for the municipality. I received or I got a three year contract now again but the municipality falls below or under the government.

20 **ADV LEAH GCABASHE SC:** Do you specifically get work from the Department of Agriculture and Rural Development?

MR WILLEM BASSON [through interpreter]: Correct. Correct. Correct I have received work from them as I mentioned the tractors and the implements which is with me which has to be repaired that is the Department of Agriculture from the province. May I also add something

else?

ADV LEAH GCABASHE SC: Yes.

CHAIRPERSON: Yes.

MR WILLEM BASSON [through interpreter]: I got a three year service provider contract from them and they are the government.

ADV LEAH GCABASHE SC: Who is them? Which part of government?

MR WILLEM BASSON [through interpreter]: Agriculture.

CHAIRPERSON: Well also I wanted to say Mr Basson a municipality is part of government as well. You understand that?

10 **MR WILLEM BASSON [through interpreter]:** Correct. I work – I do work for many municipalities. Secunda, Govern Mbeki, Mafube in Frankfort, Tweeling, Cornelia, Thembalihlise, Warden, Vrede. Govern Mbeki has got many towns where I work.

CHAIRPERSON: Well Mr Basson the reason why I – I thought I should tell you that a municipality is part of government is because when counsel said to you – asked you whether you were admitting that you are the main government contractor you said no and your answer suggested that you were excluding municipality from government. But if you include municipalities just from what you have said it looks like you
20 get a lot of work from government.

MR WILLEM BASSON [through interpreter]: Chairperson the witness would like to – like me to inform you that he is very sorry and that he understood the question incorrectly.

CHAIRPERSON: Oh okay, okay. What answer would you like to give to that question now that you understand it correctly?

MR WILLEM BASSON [through interpreter]: Then I – Then I am the main government contractor as Chairperson said the municipality is part of government then I am.

CHAIRPERSON: Okay thank you.

ADV LEAH GCABASHE SC: When did you first start getting government work and again I am keeping it very broad, generally? And I am talking post 1994 here.

MR WILLEM BASSON [through interpreter]: Chairperson this was during 1994 or just thereafter. You see people apply or tender for work
10 but then they do not even have a spade on their name and I have quite a good or well established name. You need equipment etcetera and another thing is you wait about six months to a year for your money and many people cannot take or handle that.

CHAIRPERSON: Okay thank you.

ADV LEAH GCABASHE SC: You see the reason I asked Mr Basson is when I look at this particular paragraph that speaks about you being the main government contractor it is put in a paragraph where the word empowerment is used and where the empowerment of black people is – is an issue. So I – I just want to understand whether what is being
20 communicated here is that rather than having black farmers grow and develop what has happened is that people with resources are like yourself are the only ones who have been able to develop further and grow. Is that your understanding of what is written here?

MR WILLEM BASSON [through interpreter]: Chairperson what happened was three farms I sold to the government. These farms had

cattle on it, tractors, and implements but thereafter they were only given the farms they were not given financial assistance or capital. What happened was due to them not receiving financial – any further financial assistance they went into the veld, close to the township and they slaughtered the cattle there in the veld taking out pieces of meat. What they also did is at the cribs where the cattle had to drink from they stole the ball valves which is copper so they sold it for scrap metal. You cannot do anything without capital if you get a farm. You have to have finances. If I may add something else?

10 **CHAIRPERSON**: Yes.

MR WILLEM BASSON [through interpreter]: I think I forgot what I wanted to say.

CHAIRPERSON: Okay. I am not sure whether your answer was an answer to the question but Ms Gcabashe will know whether that answer is an answer to a question.

MR WILLEM BASSON [through interpreter]: Chairperson I just remembered what I wanted to say.

CHAIRPERSON: Yes.

20 **MR WILLEM BASSON [through interpreter]**: Chairperson what they also did is they sold the cattle and they sold the tractors that they received from the government. I do not know if they wanted the money for themselves or if they wanted the money for the farms. I cannot say but I had a hundred white brahman cattle and that is not even talking about the other cattle that I had but this brahman cattle they are gone.

CHAIRPERSON: The brahman cattle were on the farms that you sold

and they were sold together with the farms to the government, is that what you say?

MR WILLEM BASSON [through interpreter]: Correct Chairperson this was sold together with the farm to the government.

CHAIRPERSON: Thank you.

ADV LEAH GCABASHE SC: It was not quite an answer to my question but what you have just told the Chairman is interesting in this respect. It is important to then ask you. You sold three farms to the government you say. The government being the Department of Agriculture and
10 Rural Development I do not know I am asking?

MR WILLEM BASSON [through interpreter]: Correct.

ADV LEAH GCABASHE SC: And having – and the people you sold this to were based in Vrede or in the Provincial office in Bloemfontein?

MR WILLEM BASSON [through interpreter]: Bloemfontein and Bethlehem but the person they gave the farm to was a – the three farms they gave to was a Doctor in Bethlehem. It was a medical doctor in Bethlehem. And on a Sunday he would drive through there just for an hour and then he would be gone.

ADV LEAH GCABASHE SC: So all three farms were sold to one person
20 and that person happened to be a medical doctor who lived in Bethlehem?

MR WILLEM BASSON [through interpreter]: Correct. He did not know anything about farming.

ADV LEAH GCABASHE SC: You see the reason this is important is because what the Chairman may wish to do is give recommendation on

how transactions like that should be monitored. How the use of government farms or government – once government has a farm how they should ensure that the people they give the farm to use it to develop themselves and their community.

MR WILLEM BASSON [through interpreter]: Chairperson I would say that they should be checked on. They should be monitored because they sold the tractors, they sold the cattle. He did not plant one piece of maize of mielie.

ADV LEAH GCABASHE SC: So I have understood you to give the
10 Chairman two pieces of advice on this aspect. The first is financial support from government to emerging farmers. I presume extension services support because you said they need to be helped in relation to what government provides. So extension services support to farmers, emerging farmers but thirdly you are saying government must be very selective about who they sell farms to once they have acquired them.

MR WILLEM BASSON [through interpreter]: Correct.

ADV LEAH GCABASHE SC: But coming back to the original question
20 you would not dispute the observation in this newspaper on page 26 that from what this particular journalist took away having interviewed you or talked to various people.

“Emerging Black farmers are not doing well at all but those with resources - those farmers with resources appear to be the ones who are getting a better life from the changed political circumstances in this country.”

MR WILLIE BASSON (through interpreter): Yes but I would just like to say that I meant nothing with it to say that there is something wrong with Black farmers. There is nothing wrong. There is one there - Doctor. He is a great farmer with a big farm but then you get people who receive the farm. They do not have any finances or money to buy food. They cannot take the animals to the veterinarian.

So what do they do? They have to sell the tractors or cattle or the cattle die. So I would just say that they have to receive extra financial assistance in order for them to be successful and somebody
10 needs to be appointed or put over them to monitor them.

ADV LEAH GCABASHE SC: Yes. No your evidence is very clear on that aspect Mr Basson. Then over the page at page 27 of the same media article. Just explain those comments to the Chair.

“They just do projects like this to get money.”

And then the second one:

“Hey is it rotten in this place here.”

Just give the Chairman a sense of what you were referring to when you made these two comments on page 27.

MR WILLIE BASSON (through interpreter): This is the dairy farm and
20 you probably know about the Guptas having the wedding in Sun City.

ADV LEAH GCABASHE SC: Yes.

MR WILLIE BASSON (through interpreter): That money comes from the dairy farm.

ADV LEAH GCABASHE SC: But how do you know this Mr Basson?

MR WILLIE BASSON (through interpreter): How can I put it? I have

insight into many things and I know many people and they told me that and it is people that would not lie to me.

ADV LEAH GCABASHE SC: The difficult the Chairman would have is he needs evidence - objective facts and evidence. So maybe at best one can only say if you could find the time to if not today at least to prepare something for the Chairman to understand who you might have got that information from because it fits into part of what this Commission was set up to do.

MR WILLIE BASSON (through interpreter): I will - I will obtain same
10 Chairperson but I do not know if I am allowed to mention names on television because I am able to mention or give the Commission the names now.

CHAIRPERSON: Well maybe if that information had not been given to the legal team it should first be given to them and before it is made known here on television.

MR WILLIE BASSON (through interpreter): What I can say is two of those members who took the money for the Guptas they sit in Parliament.

CHAIRPERSON: Oh. That - that is - that is important. So do give that
20 information to the legal team. Give the names and whatever else you wanted to say that will enable them to assess the information and before it is made known here to - they would make sure that those who may be implicated are notified.

MR WILLIE BASSON (through interpreter): Something else which I can add Chairperson is there was horrible things which happened there.

About R500 million was given for that project and no more than 200 million was spent or used for the project. So where did the other remaining 300 million go.

CHAIRPERSON: Yes, yes, yes. Thank you. Any - any other information that you may not have told the legal team which you think is important maybe you had forgotten it or whatever. Give it to them and they will prepare a supplementary statement by you and if need be you can be asked to come back after the relevant notices have been given to whom - whoever maybe implicated by the further evidence.

10 **MR WILLIE BASSON (through interpreter):** Understood but it would take time.

CHAIRPERSON: Oh, why would it take some time?

MR WILLIE BASSON (through interpreter): Chairperson it is because it is not just a thing of tomorrow already. There is certain people I have to see and I probably have to get things in writing.

CHAIRPERSON: Yes. No, no that - that I understand. That is okay. That is okay, *ja*.

MR WILLIE BASSON (through interpreter): Thank you.

ADV LEAH GCABASHE SC: Chairman just to indicate to Mr Basson
20 that we have the facilities to take that additional statement now ...

CHAIRPERSON: Yes.

ADV LEAH GCABASHE SC: Have him deposed to it, sign it now ...

CHAIRPERSON: Yes.

ADV LEAH GCABASHE SC: And then we can work with the Rule 3.3 Notices ...

CHAIRPERSON: Yes.

ADV LEAH GCABASHE SC: That may have to go out ...

CHAIRPERSON: Yes.

ADV LEAH GCABASHE SC: Because I am assuming it is not a lengthy ...

CHAIRPERSON: Yes.

ADV LEAH GCABASHE SC: Statement. It is a very short ...

CHAIRPERSON: Yes.

ADV LEAH GCABASHE SC: Statement that he would be making.

10 **CHAIRPERSON:** Yes. Do you want to translate that?

INTERPRETER: Please Chairperson.

MR WILLIE BASSON (through interpreter): I completely understand that Chairperson but there are certain people that I have to speak to first. I mean if you look at the people in Parliament they fled from the police and now they are back in Parliament and that is due to this dairy farm debacle.

CHAIRPERSON: No, no that - that is fine. I think what Ms Gcabashe wanted you to know is that from their side if you are ready to give them the information then make statement they are ready but if you need to
20 talk to some people in order to get all the information before you - you make another statement to them that is fine as well. She just wanted you to know that from their side they are ready.

MR WILLIE BASSON (through interpreter): Chairperson I just have to get my story or my facts in order. They can either come to Vrede or I can come here again.

CHAIRPERSON: Yes.

MR WILLIE BASSON (through interpreter): I can give you a name right now ...

CHAIRPERSON: Yes.

MR WILLIE BASSON (through interpreter): But I do not have evidence right now. They would shoot me.

CHAIRPERSON: Okay. No, no that is fine. Thank you. Thank you for that Mr Basson. I just want to also encourage you that if you have - you do know people who may have benefitted illegally or corruptly from
10 this Vrede Dairy Farm Project I encourage you to get - get that information and evidence and the names of those people. Give that to the - to - to the Commission.

MR WILLIE BASSON: *Ja.*

CHAIRPERSON: So you will collect information and you will be in touch with the Commission and they will - the Commission will be happy to - to get that information because it is important that if there are people who know people who may have benefitted illegally out of this ...

MR WILLIE BASSON: Hm.

CHAIRPERSON: That the Commission should know who those people
20 are and should investigate that issue further.

MR WILLIE BASSON (through interpreter): Understood Chairperson and what I said early about the Guptas and the wedding here in Sun City that money or that funds definitely came from the dairy farm.

CHAIRPERSON: No thank you. Thank you.

ADV LEAH GCABASHE SC: Yes. Just one or two last questions. Do

you continue to do work for the dairy farm?

MR WILLIE BASSON (through interpreter): That is correct. As I mentioned earlier they gave me a three year service provider contract. Currently I have tractors and bakkies which is with me which I have to work on. It is daily I do work.

ADV LEAH GCABASHE SC: Next question. The milk that is produced at the farm - I am assuming the farm has been producing milk. Do you know where that milk is sold?

MR WILLIE BASSON (through interpreter): I do not know. I know a
10 lot of it went or a bunch of it went to Harrismith but I do not know to whom it was sold to.

ADV LEAH GCABASHE SC: There have also been allegations that cattle have been stolen and/or have disappeared from the farm. Do you know anything at all about that?

MR WILLIE BASSON (through interpreter): I heard - I heard the stories there that they load the cattle and drive away with it. I heard the stories but I have no proof or evidence who took it.

ADV LEAH GCABASHE SC: So they load the cattle - they bring a
20 vehicle onto the farm, load the cattle into the vehicle and drive off with the cattle?

MR WILLIE BASSON (through interpreter): Correct.

ADV LEAH GCABASHE SC: So that security gate is completely in effectual?

MR WILLIE BASSON (through interpreter): The gate is in working order Chairperson but the security and the person who loads the cattle

they work together.

ADV LEAH GCABASHE SC: Last question - we have heard at this Commission about tensions and threats to people from the Thembalihle community. One, do you know anything about people who have either been threatened, intimidated, killed because of the farm or have you personally been threatened because of your association with the farm?

INTERPRETER: Chairperson may I break up the question?

CHAIRPERSON: Yes, please repeat.

ADV LEAH GCABASHE SC: So the first leg of the question is - so the
10 first one is. There has been evidence before the Commission of threats, intimidation against people who live in the Thembalihle Township largely because of this farm - Estina Farm.

MR WILLIE BASSON (through interpreter): Understood.

ADV LEAH GCABASHE SC: Do you know anything about those threats, about those deaths, about that intimidation against other people?

MR WILLIE BASSON (through interpreter): They - they informed me the following day of that man who was killed on the game farm. I do not know his name. I think Doctor would know his name but they never
20 made threats towards me never.

ADV LEAH GCABASHE SC: Would that be Mr Philemon Ngwenya?

MR WILLIE BASSON (through interpreter): Yes.

ADV LEAH GCABASHE SC: But you personally have not had a difficulty with this?

MR WILLIE BASSON (through interpreter): Personally towards myself

I have never had any problems but I think Doctor had problems where he was threatened and intimidated to be killed. If I may add something
Chairperson.

CHAIRPERSON: Yes.

MR WILLIE BASSON (through interpreter): Chairperson they will not really threaten me. I do not believe so because I treat the people in the township very good - in a very good manner. I give them money for the township. So I am good to them. So I do not believe that they will really threaten me or do something.

10 **ADV LEAH GCABASHE SC:** Mr Basson is there anything else you would like to tell the Chairman before we conclude?

MR WILLIE BASSON (through interpreter): At the moment there is nothing that I would like to inform the Commission any further about but I would get my things in order to submit to the legal team.

ADV LEAH GCABASHE SC: Thank you Chairman. No further questions of this witness.

CHAIRPERSON: Thank you. Just one - one or two more questions Mr Basson. Did I understand you correctly that at some stage when you were speaking to Mr Prasad about feed for the cattle which were -
20 because the cattle were dying he said something to you that suggested that there was a financial problem connected with the cattle with them not buying cattle feed. Did I understand you correctly that you said something to that effect?

MR WILLIE BASSON (through interpreter): That is correct Chairperson because that R1 million came from my pocket. I carried

the expense up until they paid me back.

CHAIRPERSON: Oh. Did he explain to you how come they did not have money to - the farm did not have money to buy feed for - for the cattle?

MR WILLIE BASSON (through interpreter): No Chairperson. He never gave an explanation why he did not have or the farm did not have the finances. He only gave me the guarantee that I would be reimbursed and he had such a bad accent that you could not really understand everything that he spoke.

10 **CHAIRPERSON:** Oh, he did not speak English quite well?

MR WILLIE BASSON (through interpreter): Correct Chairperson. The English he spoke was not very well. In about five words of English which he spoke you could understand one or two. It was very bad.

CHAIRPERSON: And so you used your own money to buy cattle feed for - for the farm on the basis that they would refund you?

MR WILLIE BASSON (through interpreter): Correct Chairperson. He gave me the undertaking that I or the guarantee that I would be paid back and I told him that you must make sure that I am reimbursed because else I would take all these new tractors and it is not as if I had
20 the money. I made a plan because I felt sorry for the animals. If you see the animals walking around there malnourished the calves the animals lying there blown up. I made a plan.

CHAIRPERSON: And how - how long did it take for the farm to refund you after you had bought the first cattle feed?

MR WILLIE BASSON: It was quick. It was in 30 days I think. It was

quick.

CHAIRPERSON: It was within 30 days?

MR WILLIE BASSON (through interpreter): Correct Chairperson. Within 30 days after I delivered the feed. Correct Chairperson and there is just something else that I would like to add ...

CHAIRPERSON: Yes.

MR WILLIE BASSON (through interpreter): With regards to my testimony that I do not really or I do not believe that I would receive any threats.

10 **CHAIRPERSON:** Hm.

MR WILLIE BASSON (through interpreter): In Vrede there are disabled persons and there are schools and people looking after those persons and I give them lots of money to look after the people. So that is why I am saying that.

CHAIRPERSON: Yes, okay. No that is fine. Now you have - you had been to the farm - the Vrede Dairy Farm before you had this discussion with Mr Prasad about why they were not buying feed for the cattle ...

MR WILLIE BASSON: Hm.

20 **CHAIRPERSON:** And after that you continued to interact with Mr Prasad and people on the farm. Would you say the reason why cattle died or was because who were running the farm did not have the knowledge that was required to run a dairy farm properly.

They did not know what to do when - with regard to giving cattle feed and they did not know that if the grass is short that is not good for cattle or is the position that you think they knew all of that but

the problem was money or do you say it was a combination of lack of knowledge and money - lack of money?

MR WILLIE BASSON (through interpreter): Chairperson I do not believe that money or finances were a problem on the farm because any place would give you 30 days to pay for feed which you would like to purchase. They could even come to me. I have the resources. I know the persons. I could arrange it for them.

I think or I actually know that the problem is that they did not have any knowledge about farming or the proper knowledge and what
10 CP Prasad said there on the farm was law. The foreman there if they would go to CP and tell them or tell him that there is no feed for the cattle he would say but there is grass - there is food. That is the type of person that he was. If I may add something else?

CHAIRPERSON: Yes.

MR WILLIE BASSON (through interpreter): What I would like to add is that when their diesel was finished they would come to me for it. They would come to me for spare parts or other things. So it was not a case that there was not money or a problem with it.

CHAIRPERSON: And then just a last question. If you are able to could
20 you tell me about more or less how many head of cattle the farm had before this episode when cattle died and - and then more or less how many cattle if you are able to say there were subsequently when that episode of cattle dying had passed.

MR WILLIE BASSON (through interpreter): Chairperson in the beginning or at the start where these deaths started occurring, I asked

them how many cattle do you have and they informed me 500 but I believe that there were much more and three days ago from today I was there at the farm and I asked them, how many cattle did you take over from Estina and they informed me 300, I just went there and asked for interest sake.

CHAIRPERSON: Okay no thank you very much, you have nothing further?

ADV LEAH GCABASHE SC: No nothing further, thank you Chair.

CHAIRPERSON: Thank you very much, Mr Basson for having come to
10 give evidence to the commission, we appreciate it and also the cooperation that you are still going to give to the Commission by way of giving it further information we appreciate, please be in touch with the legal team and give them whatever evidence you have got.

MR WILLIE BASSON (through interpreter): Chairperson I would also like to thank you but there's something which is bothering me which might prevent me for compiling this report for the Commission. On the 7th of August I will be going for an eye operation which I would – it would take me about ten days to recover, so if it's in order, after the operation and the recovery I would attend to this information and the
20 report for the Commission.

CHAIRPERSON: No, no that's in order, that's in order, that will still be within an acceptable time.

MR WILLIE BASSON (through interpreter): Thank you Chairperson, we like you a lot.

CHAIRPERSON: No thank you Mr Basson, thank you very much, you

are excused.

MR WILLIE BASSON (through interpreter): May I go?

CHAIRPERSON: Yes you are free to go now, thank you very much and thank you very much to Ms interpreter.

INTERPRETER: Thank you Chairperson, may I also be excused then?

CHAIRPERSON: You will have to talk to the legal team in case they need – in case they still need you, in case we still need you, just talk to them during the – we are going to go for lunch now, so talk to them and they will indicate whether they might need you after lunch or not.

10 **INTERPRETER:** In order Chairperson.

CHAIRPERSON: Thank you very much. We are going to take the lunch break and we will come back at 2 o'clock.

INQUIRY ADJOURNS.

INQUIRY RESUMES

CHAIRPERSON: Before we start I just want to make a brief announcement in connection with the work of the Commission. Some months ago I informed the President of the Republic, President Ramaphosa that it was the intention of the Commission to obtain affidavits from past and present members of the Cabinet and deputy
20 Ministers so that they could inform the Commission whether they had, had any relationship or dealings or interactions with the Gupta family as well as – or their companies or entities as well as whether they had, had any relationship or dealings or interactions with Bosasa or Bosasa's subsidiaries or officials or managers or directors of Bosasa, so that the Commission could look at the information and I informed the

President that I thought that, as President he should be the first one to give the Commission his own affidavit, disclosing to the Commission if he had, had any relationship with the Gupta family or their entities as well as with Bosasa or Bosasa entities or personalities in Bosasa before the Commission could ask Ministers and deputy Ministers for such affidavits and so that they could disclose the same information.

The President accepted that this was necessary and indicated that he would definitely furnish the Commission with an affidavit making such disclosures on his part, he also undertook to encourage Ministers, 10 Cabinet Ministers that when they are approached by the Commission in this regard they should cooperate. I just wish to announce that I did receive about – or early in July such an affidavit from the President and he has made a request that the Commission disclose the affidavit to the public so that there should be no speculation about what the affidavit may be saying. I have decided to grant this request and we'll therefore make available to the media the affidavit that he has furnished to the Commission in regard to those two matters. I emphasise that he made the request that the Commission disclose the information, the affidavit to the public because I do not want any 20 impression to be created that this means that each time we get any such affidavits we would necessarily disclose them before the deponent thereto gives evidence in the Commission.

Obviously, ultimately the public would know what the contents of the affidavits that will be submitted by past and present Ministers in regard to such an issue but it may be that if it is contemplated that a

Minister will give evidence at a certain stage before the Commission, it may be that it would be decided not to disclose it until the Minister gives evidence but in this particular case, as I say, the President has requested that it be made – it be disclosed to the public. In this regard, I just want to emphasise that, bearing in mind the evidence that I have heard since August last year, in relation to the Gupta family and Bosasa. It is important that the Commission gets a full idea of what relationships those entities may have had or may still have with people who are in the National Executive now or may have been in the
10 National Executive in the past.

The second point I wanted to mention is that I believe I indicted recently within the context of the former President, Mr Jacob Zuma having been required to appear before the Commission that he was not the only leader that would be asked to appear before the Commission and that there would be others – there will be others who will appear before the Commission. I take this opportunity to indicate that some months back, I informed President Ramaphosa that I believed that the work of this Commission could not be said to be properly completed if this Commission did not hear evidence from those
20 who may have been part of the leadership in Government over the years to which some of the matters that the Commission is investigating have been mentioned where matters have been mentioned relating to State Capture and other issues that the Commission is investigating and that it would be important, at least some of the people who were in leadership should come before the Commission and give evidence

about when they may have realised that there was State Capture taking place, what they did about it as part of the leadership and explain to the nation, through the Commission what they may wish to explain and in that regard I informed the former President that since he – he was deputy President of the country, for a few years that are covered by some of the allegations, it would be necessary that he should appear before the Commission and give evidence about some of these matters. I also indicated that the same would, in my view, apply to the ruling party because over the years the ruling party has been given a mandate
10 by the people of South Africa to form a Government to govern and the people of South Africa may be asking questions as to when it itself realised that there were acts of State Capture happening or that there was State Capture and what it did to stop State Capture and that for that reason, I was informing him also, in his capacity as President of the ruling party that it will be necessary for the leadership of the ruling party to appear before the Commission and explain to the nation, through the Commission, what they did and make a contribution to the nation understanding exactly what happened.

I say this in part to make the point that it was not just former
20 President Zuma who had to appear here. I intend that certain leaders who are important in the country or who have had important roles to play in the country should appear before the Commission and give evidence about various matters. In response to all this, President Ramaphosa indicated that he fully agreed with me, that it was necessary that leaders in Government and in the ruling party should

come before the Commission, appear and make their input and say what they know, explain what they need to explain and he embraced the idea. He gave me an undertaking that if and when I say he should come to the Commission, to give evidence, he will come.

My understanding is that, that is the case with both – not only Government but also with the ruling party. I thought it was important to just explain this, announce this, as I release President Ramaphosa's affidavit so that everybody would understand, at least part of the work that the Commission is doing, we will, soon be approaching Ministers, 10 Cabinet Ministers and deputy Ministers past and present and asking the to depose to similar affidavits with regard to any relationship or relationships or dealings or interactions that they may have had as individuals or as Ministers, deputy Ministers with the Gupta family or companies involved – Gupta companies or Bosasa or Bosasa subsidiaries or people who are involved in Bosasa. I will, then now, give my registrar the President's affidavit, she will give them to Reverend Stemela and there are a few of them here, Reverend Stemela will give them to the media people who are here, so there's an advantage in being here. So if you are here you get them immediately, 20 others who are not here, they may have to wait before they get them, thank you. That is the end of the announcement, thank you.

CHAIRPERSON: Are you ready Ms Gcabashe

ADV LEAH GCABASHE SC: Yes I am Chairman. Good afternoon again Chairman, the Legal Team is about to lead the evidence of one Mr Dumisane Cele who will present evidence in relation to his interaction

with the then HOD and CFO of the Department of Agriculture and Rural Development in the Free State, Mr Peter Thabethe and Ms Siepati Dlamini. The exhibit we are using this afternoon Chairman is Exhibit HH8, may this document be admitted into the record.

CHAIRPERSON: Yes the file containing the affidavit of Mr Dumisane Cele would be marked Exhibit HH8.

ADV LEAH GCABASHE SC: Thank you Chairman for this afternoon's purposes Chairman we are likely to use Reference Bundle A and possibly the media bundle. With your leave Chairman might I also ask
10 that a new bundle be handed to you. It really is a little bit of a duplication, we just thought it's more convenient to package it the way we have just packaged it and that is Exhibit HH National Treasury Report 2014 with Annexures. It is just a reference file really Chairman.

CHAIRPERSON: I think these files are starting to be confusing, I see there are two B's but one is reports bundle and the other one is reference bundle.

ADV LEAH GCABASHE SC: So we are dealing with the reports bundle Chairman, B.

CHAIRPERSON: Yes I've got Exhibit HH8 which has got Mr Cele's
20 affidavit, you say I must also have reference bundle A.

ADV LEAH GCABASHE SC: Yes Chairman.

CHAIRPERSON: And what else?

ADV LEAH GCABASHE SC: And the reports bundle B you just identified a minute ago. But given the time of the afternoon Chairman I might just indicate that there are documents there that are of

importance without necessarily taking you to them, with your permission if I might to do that and when we make our submissions we will make sure we indicate clearly that these are the documents we referred to.

CHAIRPERSON: Yes, okay. Did you say you want to get rid of those that I might not need here?

ADV LEAH GCABASHE SC: If you don't mind Chairman let's keep them there but I am actually also going to try and time myself because Mr Cele is on a ten to six flight.

10 **CHAIRPERSON:** What time must he be out of here?

ADV LEAH GCABASHE SC: At four o'clock Chairman.

CHAIRPERSON: Okay, I think let's get going then. Okay I have got Exhibit HH8, I've got reference bundle A and reports bundle B.

ADV LEAH GCABASHE SC: Thank you Chair. Mr Cele is ready to be sworn in Chairman.

REGISTRAR: Please state your full names for the record.

WITNESS: I am Dumisane Sabe Cele.

REGISTRAR: Do you have objection to taking the prescribed oath?

WITNESS: No.

20 **REGISTRAR:** Do you consider the oath to be binding on your conscience?

WITNESS: Yes.

REGISTRAR: Do you swear that the evidence you will give will be the truth the whole truth and nothing but the truth, if so please raise your right hand and say so help me God.

WITNESS: So help me God.

MR DUMISANE CELE: (duly sworn, states)

CHAIRPERSON: Thank you.

ADV LEAH GCABASHE SC: Mr Cele you have bundle HH8 in front of you.

MR DUMISANE CELE: That's correct Chair.

ADV LEAH GCABASHE SC: If you could please go to page 1 of that document and hold onto it, go to page 2 as well, it's really just a two-page document, can you identify the name of page 1, the mic will not
10 pick up the nod?

MR DUMISANE CELE: Dumisane Cele.

ADV LEAH GCABASHE SC: And then on page 2, just above the word, deponent, there's a signature, who's signature is that?

MR DUMISANE CELE: It's my signature Chair.

ADV LEAH GCABASHE SC: And when did you sign this document and where did you sign it?

MR DUMISANE CELE: On the 17th of June 2019 Chair in Pietermaritzburg.

ADV LEAH GCABASHE SC: It says here Durban.

20 **MR DUMISANE CELE:** I mean Durban, sorry.

ADV LEAH GCABASHE SC: You're confirming that you did this in Durban?

MR DUMISANE CELE: Yes it was in Durban.

ADV LEAH GCABASHE SC: thank you, this document, really is a very short documents, you for one refer to Annexure DC1 which you have

Annexed to this statement of yours, you also refer to Annexure DC2 which forms part of the presentation you will be doing this afternoon, is that correct?

MR DUMISANE CELE: That's correct Chair.

ADV LEAH GCABASHE SC: Annexure DC1 constitutes an affidavit you had filed in a criminal investigation, is that correct?

MR DUMISANE CELE: That is correct Chair.

ADV LEAH GCABASHE SC: And then Annexure DC2 relates to a report prepared for National Treasury by a team of investigators, you were a
10 member of that team of investigators?

MR DUMISANE CELE: That is correct Chair.

ADV LEAH GCABASHE SC: Thank you, let's immediately go to DC1, Mr Cele I take it there's no changes you want to make to that short two-page affidavit that you submitted?

MR DUMISANE CELE: Nothing Chair.

ADV LEAH GCABASHE SC: Can you please just give the Chairman a sense of your background, who are you, where do you live, are you employed and if I could – just the employment related areas really, where were you employed during the period 2013 and 2014.

20 **CHAIRPERSON:** And your qualifications.

MR DUMISANE CELE: Chair I did a BCOM degree at the University of Natal, not the UKZN, I did National Diploma in Criminal Justice and Forensic Auditing with the former Rand Afrikaans University, I think it's UJ now, I also qualified as a CFE, Certified Fraud Examiner with the Association of Fraud Examiners Association. Chair during the period I

was employed by the National Treasury as a Director within a unit called Specialised Audit Services. The unit, in a nutshell, was responsible for investigations as well as performance auditing. The two arms of this unit Chair, performance auditing was mainly responsible for checking value for money and the Government projects was the other arm that I was responsible for was merely responsible for the investigations and how we received or initiated investigations was through own initiatives, through media articles as well as through complaints that would be lodged with the National Treasury.

10 **ADV LEAH GCABASHE SC:** Can I just ask you to pause for one minute, the unit that you were a member of, the Specialised Audit Services Unit, was established when?

MR DUMISANE CELE: It was established, Chair, in 2010.

ADV LEAH GCABASHE SC: And who established it?

MR DUMISANE CELE: It was established by the National Treasury but we were the first employees, I think there were three of us. It was myself, my other colleague was responsible for performance auditing as well as our supervisor who was the Chief Director.

ADV LEAH GCABASHE SC: And the unit was headed by who or who
20 did you report to within National Treasury?

MR DUMISANE CELE: I reported to the Chief Director who in turn would report to the Accountant General, our division was that of the Accountant General of South Africa.

ADV LEAH GCABASHE SC: Are there Provincial counterparts to the unit that you were a member of, because you were a member of the

National office were you not?

MR DUMISANE CELE: There are no provincial counterparts for the unit, Chairperson, rather there are Provincial departments for the Treasury but not for the unit, the unit was situated at National and only operated on National level.

ADV LEAH GCABASHE SC: And that's the reason that somebody from the Free State for instance, did not conduct this investigation?

MR DUMISANE CELE: The reason we – I wouldn't know in terms of how the Province itself was structured in terms of connecting
10 investigations, having regard to the minimum anti-corruption Cabinet
remember in 2003 that every Government institution was forced to but
the National Treasury has powers and duties to monitor and enforce
compliance with the prescripts that is why we then did these
investigations.

ADV LEAH GCABASHE SC: And the prescripts you refer to, would be – just give us bullet points, I know the Chairman is familiar with them but I'd like you to repeat them, starting with the Constitution.

MR DUMISANE CELE: The prescripts Chair start with the Constitution, I believe Section 216 which establishes the National Treasury, Section
20 217 of the Constitution then says, there should be a fair equitable and
transparent process of procurement of goods and services then there's
an Act called the Public Finance Management Act, chapter 2 of that Act
establishes the National Treasury and chapter 2 actually deals with the
powers and the mandate of the National Treasury and what is also
relevant and important for this, I think is to mention, Chairperson,

chapter 9 which deals with the general Treasury matters.

ADV LEAH GCABASHE SC: Then at municipal level which – I am looking at your paragraph 5.

MR DUMISANI CELE: Ja.

ADV LEAH GCABASHE SC: Of DC1 which act is relevant?

MR DUMISANI CELE: The Public Finance Management Act Chairperson regulates department constitutionally – constitutions as well as public entities. But then at local level that is the municipalities. There is another act that is The Municipal Finance Management Act
10 that deals with the local sphere of government.

ADV LEAH GCABASHE SC: Back to you unit what are the key objectives of this unit? And in that regard I can refer you to paragraph 4.

MR DUMISANI CELE: Yes.

ADV LEAH GCABASHE SC: Of DC1

MR DUMISANI CELE: Yes. Chairperson the key objectives of the unit it was to provide performance auditing as well as investigative capacity in all spheres of government on a board range of financial management and internal control system in the supply chain management of public
20 procurement. If I may emphasise Chairperson and the supply chain.

ADV LEAH GCABASHE SC: Yes. And then in relation to the powers vested in you by virtue of the office you occupied what were those?

MR DUMISANI CELE: Chairperson we were allowed access to every procurement related documentation across all the spheres of government.

ADV LEAH GCABASHE SC: You have explained that what would prompt an investigation would be own initiative complaints etcetera. What caused you to take an interest in the Free State Department of Agriculture and Rural Development in or around 2013?

MR DUMISANI CELE: Chair the National Treasury had received a media enquiry I believe it was from Mail and Guardian. It was that media enquiry that made us to institute an investigation into the transaction regarding the Vrede Farm by the Free State Department of Agriculture.

10 **ADV LEAH GCABASHE SC:** Are you able to just give a brief summary of the issues that were brought to your attention by the Mail and Guardian newspaper? I know you have noted them in paragraphs 9 and 10 of Annexure DC1.

MR DUMISANI CELE: In the main Chair there were – they wanted to verify if this was a PPP that is a Public Private Partnership or if the service provider was appointed as a sole supplier. Secondly they wanted to know if the amount – what was the amount that had been expended on the project and if it was budgeted for. In the main that is what they wanted to know.

20 **ADV LEAH GCABASHE SC:** How did you go about your – your investigation once this particular matter was assigned to your office?

CHAIRPERSON: Maybe before he deals with that maybe you can just explain the significance if any but I think there is of the – whether the project was a PPP project or a sole supplier? I think I know about why – what the significance would be about whether it was a sole supplier

or not but you may as well explain them both. But I am not sure what the significance of the enquiry whether it was a PPP or not.

ADV LEAH GCABASHE SC: Chairman are you going to allow me to get to it in due course two page down? I do not mind if you want the answer now.

CHAIRPERSON: No I want it now ja.

ADV LEAH GCABASHE SC: That is fine.

MR DUMISANI CELE: Chairperson I think from the media enquiry they just wanted to make sure that proper procurement processes were followed hence they were asking whether it is a PPP or a sole provider. And perhaps the reason they would have gone to National Treasury is because some of the function of the National Treasury are not delegated to any other treasury and or department. They reside within the National Treasury.

CHAIRPERSON: But the sole supplier my understanding might be or is that in terms of procurement procedures or provisions if it is a sole supplier there may be a justification not to follow certain procedures but I wonder whether if it is a PPP a similar connotation applies or not. I think that is what I was wanting to find out.

20 **MR DUMISANI CELE:** Thank you Chair. If it is a PPP it gets done only through the National Treasury.

CHAIRPERSON: Okay. Okay.

MR DUMISANI CELE: Wherever you are in the country you only do it through the National Treasury.

CHAIRPERSON: Okay.

MR DUMISANI CELE: There is about three levels of approvals.

CHAIRPERSON: Yes.

MR DUMISANI CELE: That gets provided by the National Treasury.

CHAIRPERSON: Yes.

MR DUMISANI CELE: And it gets actively involved in the process of the procurement.

CHAIRPERSON: Oh okay. No thank you.

ADV LEAH GCABASHE SC: Thank you Chairman. The issues the Chairman is raising with you really form part of the SCM Policy.

10 **MR DUMISANI CELE:** That is correct Chair.

ADV LEAH GCABASHE SC: What does the SCM Policy document that applied in the Free State Department of Agriculture provide for in relation to agreements between the Department and service providers? Maybe you want to turn to the actual document if it will be of assistance to you. I have it in reference bundle A Chairman at page 325. Reference not reports but reference bundle A. It is just convenient possibly for you to have it.

CHAIRPERSON: It is a big lever arch file. I think show him both also the reports bundle, show him both so that if the reports bundle is
20 required he will know which one.

ADV LEAH GCABASHE SC: So it is page 325. I – sorry – are you able to confirm whether that is in fact when you have a quick look at it the SCM Policy document that applied in the Free State?

MR DUMISANI CELE: That is correct Chair.

ADV LEAH GCABASHE SC: If you go to the last page of that

document and that would be page 359 you have the signature of the accounting officer on that page. 359.

MR DUMISANI CELE: That is correct Chair.

ADV LEAH GCABASHE SC: And it is dated the 1 April 2012.

MR DUMISANI CELE: That is correct Chair.

ADV LEAH GCABASHE SC: So what would that document represent?

MR DUMISANI CELE: It would represent confirmation that the Department had a SCM policy and that was properly approved by the accounting officer.

10 **ADV LEAH GCABASHE SC:** Who would have drafted this particular document?

MR DUMISANI CELE: It is – that Chairperson is difficult to say because some institutions will appoint somebody to draft on their behalf. Some they would do it internally so it will be difficult to say who could have drafted it.

ADV LEAH GCABASHE SC: Is there a template that provincial officers that draft their own policy documents get from National Treasury or are people at liberty to put any clause they feel like putting into a SCM Policy document?

20 **MR DUMISANI CELE:** Chairperson there is a framework from the National Treasury and as a result most institutions they would simply take that actual template and adopt it officially as their policy. So other than the template there are prescripts or instruction notes that are written to indicate what shall be contained in the SCM Policy.

ADV LEAH GCABASHE SC: So in this instance I look at the broader

prescripts you have said that SCM Policy document must comply with Section 217 of The Constitution, is that right?

MR DUMISANI CELE: That is correct Chair.

ADV LEAH GCABASHE SC: It must comply with Section 389(1)Aiii of the PFMA?

MR DUMISANI CELE: That is correct Chair.

ADV LEAH GCABASHE SC: And it must comply with treasury regulation 16A?

MR DUMISANI CELE: Not just 16A but all the treasury regulations
10 there Chair.

ADV LEAH GCABASHE SC: If you turn to your affidavit DC2 and it really page 38 of the paginated papers. The document we are looking at is the – is titled The Final Report on Investigation into the Vrede Dairy Farm Project and this is the document that comprises all the information you and the investigative team were able to put together for purposes of filing the report. At page 38 three quarter way down the page you have got a heading that says The Prescribed Procurement Process. It goes across to page 39 and I would really just like you to read into the record paragraph 2.2.37 but specifically the three bullet
20 points and explain those to the Chairman.

MR DUMISANI CELE: Okay. Chair maybe before going to the three bullet points let me take the paragraph that precedes the bullet points. It says:

“Section 3.5 of the Policy states that the accounting officer may deviate from the prescribed process in

only three circumstances. First circumstance is it impractical to invite competitive bids because there is an emergency or an urgent matter that needs to be resolved. The second circumstance that the service provider is a sole provider. The service provider must provide an original affidavit stating this. The third circumstance in exceptional cases such as repairs and maintenance of equipment, plumbing services, school uniforms, medical services and medicine etcetera.”

ADV LEAH GCABASHE SC: So in essence what is being defined here is the basis on which a public officer in the Free State certainly in the Department of Rural Development – Agriculture and Rural Development the basis on which they might deviate from stated and set policy on procurement.

MR DUMISANI CELE: That is correct Chair.

ADV LEAH GCABASHE SC: Can I just take a sideward step for one minute and say you are helping us understand the nature of a deviation and when a deviation would apply in circumstances that a Head of Department stipulates. Doctor Masiteng was here a couple of days ago and the Chairman was interested in understanding when an initiator or when the person who submits a documents that requests a deviation. When such person acts lawfully and unlawfully and or – you know just the difference what is a lawful document or – what is lawful conduct in preparing a document and what is unlawful conduct? Can you just help

the Chairman from your perspective just knowing the rules when can an initiator who is asked to prepare a submission that includes a deviation – when is that person acting lawfully – when would that person be acting unlawfully?

MR DUMISANI CELE: Chairperson what is important is to note that the accounting officer must approve that deviation. So the accounting officer must apply his or her mind. And thus the person initiating must be truthful. So if I am the initiator and I misrepresent on the motivation then I would obviously be acting unlawfully. That is just one good
10 example that comes to my mind right now.

ADV LEAH GCABASHE SC: Can I refer you back to reference bundle A specifically to page 187. My apologies. My apologies Chairman it is actually the reports bundle that I am looking at. The reports bundle B – reports bundle B.

CHAIRPERSON: And the page?

ADV LEAH GCABASHE SC: Page 187, 188, 189. So this is an example of somebody who prepared a memorandum that included a deviation. If you could have a quick look at it and explain to the Chairman whether in your view knowing the SCM Policy framework,
20 knowing the rules that apply to procurement, knowing what the nature of a deviation is, can you give the Chairman a view on whether this document as it stands has all the elements of a document that includes a deviation?

MR DUMISANI CELE: Chairperson the first thing I am noting here I just read now into record an excerpt of their own SCM Policy.

CHAIRPERSON: Hm.

MR DUMISANI CELE: They say you may deviate under three circumstances. I cannot see anywhere in this motivation where it tells the accounting officer for which of the three reasons are they deviating. Is it because it is impractical to obtain quotation – or to follow the procurement process? Is it because this is a sole service provider or is it because it is in exceptional case? It does not state anything.

ADV LEAH GCABASHE SC: But of course when you look at page 190 there is a summary there under Recommendation. Please have a look
10 at that and advise the Chairman as to whether that would suffice as a recommendation that any Head of Department ought to act on?

MR DUMISANI CELE: You see Chair this because unfortunately I was also involved in checking – in verifying whether this was reported as it is required in terms of the prescript. Now reading this it shows why it would have not been reported to the other relevant institutions because it does not say why they wanted to deviate from the normal process.

ADV LEAH GCABASHE SC: So your evidence is the first hoop that an accounting officer must – must jump is there must be a rationale, a good reason that fits the prescripts of both the legislation and the
20 policy document for those – he must meet those standards before a deviation would be allowed.

MR DUMISANI CELE: That is correct Chairperson otherwise it fails the test of the 21 – Section 217 of The Constitution where would be the fairness if it is not an objective criteria that causes them to deviate from the normal procurement process.

ADV LEAH GCABASHE SC: Then the second hoop that they must jump is that of reporting. Explain to the Chairman where an accounting officer is satisfied that he has got the right documentation, he approves the documentation that includes the deviation, what is the next step that accounting officer must take?

MR DUMISANI CELE: Okay. Chairperson it does not end with the accounting officer approving such requests. Once the accounting officer approves this request there is an instruction note – Chairperson just for clarity. Instruction note is the actual terminology in terms of
10 the act.

CHAIRPERSON: Yes from the National Treasury.

MR DUMISANI CELE: Yes but generally we use to call them – or not we used – we still in government call them practice notes.

CHAIRPERSON: Yes.

MR DUMISANI CELE: So that is one and the same thing.

CHAIRPERSON: Ja well I guess they amount to the same thing.

MR DUMISANI CELE: Yes.

CHAIRPERSON: Ja.

MR DUMISANI CELE: The practice note Chairman says within ten
20 working days the accounting officer must report to the auditor general, the relevant treasury and by relevant treasury here Chairperson means said there is a National Treasury and there is Provincial Treasury depending on where you are in terms of the provinces and depending if that activity is delegated to the Provincial Treasury because for instance you cannot report the PPP to a Provincial Treasury. So that

what it means by the relevant treasury. So the accounting officer in this instance had to report in writing to the Provincial Treasury that he had deviated and these were the reasons he has deviated. And the reason for that Chairperson is for the treasury to apply its mind whether it should condone or not that irregular expenditure.

ADV LEAH GCABASHE SC: So where a HOD takes the attitude that he is authorised to permit a deviation that actually is not sufficient?

MR DUMISANI CELE: He is authorised to – he or she is authorised to approve the deviation within the prescripts – I mean within the ambit of
10 the law. It is not discretionally upon any person to say I am the accounting officer I will use the discretion. It must be within the ambits of the law.

ADV LEAH GCABASHE SC: But in essence that is Mr Thabethe's response to queries that your team put to him about why he approved this particular deviation. Short response was, because I am the accounting officer and I can do it. I paraphrase of course.

MR DUMISANI CELE: Yes Chairperson I think his problem did not start there. He started when he said to me we do not have powers to investigate this.

20 **ADV LEAH GCABASHE SC:** We will get to that evidence in a minute.

MR DUMISANI CELE: So here to I think he misunderstood what the prescripts required of him.

ADV LEAH GCABASHE SC: And yet ...

CHAIRPERSON: Ja okay just ask the question.

ADV LEAH GCABASHE SC: And yet when I go back to reference

bundle A page 359 where he has signed the SCM Policy document what does him signing that document mean he has internalised?

MR DUMISANI CELE: It means he has agreed with the prescripts.

ADV LEAH GCABASHE SC: Yes.

MR DUMISANI CELE: And looking at the policy that he approved. It conforms to the requirements of the prescripts.

ADV LEAH GCABASHE SC: Yes. Chairman you wanted to.

CHAIRPERSON: It is important to understand the different roles of different role players in this kind of situation. When Doctor Masiteng gave evidence here one of the questions I asked him with reference to page 119 which you have got in front of you related to the recommendation that appears at the top of that page. And I asked him the question – who was making this recommendation? And it was clear from my question that I was also asking to whom was the recommendation being made? Who was making the recommendation to whom? Obviously also for what? Because my reading of it within the context of the whole document was that the person who submits the document makes that recommendation. And the person who recommends reads the document and the recommendation and recommends if that is what he or she decides should be done that it be approved. And then when it reaches the – the HOD then he or she approves. But of course he gave a certain context to this. But I asked this question to you in general, would that be the correct understanding of the roles of people who would play a role in a proposal such as this? That the one who submits is the one who is making a proposal, making

a recommendation that they approver ultimately must approve and that anyone in between who is supposed to indicate whether they recommend indicates or do I misunderstand something?

MR DUMISANI CELE: Chair your understanding is correct. You need somebody who is normally from the line that is the person wherein the project will be residing. That is the person whose vote will be used to pay. To seek permission from the authorised official to say I would like to deviate from the process and these are my reasons for deviating. And I see it went through the correct channel because I see also the
10 CFO signed. The CFO because she is the custodian of the SCM Policy. That is why she would also have to either recommend or not recommend the – on the document. Then the accounting officer then approved. But your understanding Chair is correct.

CHAIRPERSON: Yes. And of course you have just made the point that the CFO is the custodian of an SCM Policy and that would mean that when she received this document or when she receives any document such as this she would be quite clear as to what to expect to be in the document before she could recommend a deviation. Is my understanding correct? She would be quite clear what the document
20 must address before she can recommend that a deviation be approved.

MR DUMISANI CELE: This is quite correct Chairperson. Remember the Head of Department would also or rely on the recommendation and or advice by this person.

CHAIRPERSON: Yes.

MR DUMISANI CELE: As the custodian of the policy.

CHAIRPERSON: Yes. Yes. Of all the people if she is the custodian she should be the expert on this policy?

MR DUMISANI CELE: That is correct Chairperson.

CHAIRPERSON: Yes. And I think this – you made the point and I think Doctor Masiteng made the point also in his evidence that in this document there is not a single sentence on the grounds for deviation that are authorised to say this is where this fits in. So one wonders then:

1. Why the compiler who submitted this did not address that but let
10 us take it that maybe because he or she is – he is not the
custodian of the policy let us say maybe he might not be as clear
as the CFO. But the CFO cannot have an excuse of not knowing
what the requirements are. Therefore you wonder why the CFO
would have say she was recommending that a deviation be
approved in circumstances where the document does not deal
with any of the grounds of deviation.

And I take it that the HOD certainly or any HOD should know the grounds of deviation in a procurement matter. Am I expecting too much from HOD's and CFO's?

- 20 **MR DUMISANI CELE:** Not really Chair and you are correct in saying for instance it could be that Dr Masiteng here did not know how well - maybe it was the first time we do not know that ...

CHAIRPERSON: Yes.

MR DUMISANI CELE: That we had to prepare ...

CHAIRPERSON: Yes.

MR DUMISANI CELE: A document of this sort ...

CHAIRPERSON: Yes.

MR DUMISANI CELE: But it behoved the ...

CHAIRPERSON: The CFO.

MR DUMISANI CELE: The CFO ...

CHAIRPERSON: Yes.

MR DUMISANI CELE: To advise him to say but you must specify why do you ...

CHAIRPERSON: Hm.

10 **MR DUMISANI CELE:** Want to deviate ...

CHAIRPERSON: Hm.

MR DUMISANI CELE: Because we are supposed to be following the normal process.

CHAIRPERSON: Hm.

MR DUMISANI CELE: We should - everybody should have a fair chance of ...

CHAIRPERSON: Hm.

MR DUMISANI CELE: Getting this contract.

CHAIRPERSON: Hm.

20 **MR DUMISANI CELE:** So if he was not advised ...

CHAIRPERSON: Hm.

MR DUMISANI CELE: Then it means the CFO ...

CHAIRPERSON: Yes.

MR DUMISANI CELE: Was comfortable with whatever he had put in - into the document ...

CHAIRPERSON: Hm.

MR DUMISANI CELE: But also you are correct. The Accounting Officer should have known because he is the one responsible to account to the other relevant stakeholders to say why I authorise somebody to deviate. So he cannot have an excuse.

CHAIRPERSON: Yes, yes thank you.

ADV LEAH GCABASHE SC: Is it a good enough excuse for the HOD to say I had only been in this post for one month. I - I really was not aware of the intricacies of deviations. He arrived at this department -
10 well he was promoted to HOD in March 2011. In April 2012 he signs this document. In June 2012 he signs the first agreement. It is found to be invalid. In July 2012 he signs the second agreement.

All I am asking is given those short timeframes is it a good enough excuse for an HOD to say I did not realise because I just arrived in this post.

MR DUMISANI CELE: Chairperson there are usually things that have been brought to my attention yes that he had been promoted and I do not know what level but I assume he would have been at a senior management level ...

20 **CHAIRPERSON:** A Senior Manager.

MR DUMISANI CELE: Already.

CHAIRPERSON: Ja.

MR DUMISANI CELE: It is called SMS level ...

CHAIRPERSON: Hm.

MR DUMISANI CELE: In Government.

CHAIRPERSON: Hm.

MR DUMISANI CELE: So he ought to have known the prescript in any event ...

CHAIRPERSON: Hm.

MR DUMISANI CELE: Before he became the Accounting Officer.

CHAIRPERSON: Hm.

MR DUMISANI CELE: So that cannot be an excuse but also I wanted to look at the dates because fortunately the - the SCM Policy appears to have been approved by the HOD. So he would have known that he
10 has just approved a policy that sets out at least three requirements for him to deviate. So that cannot be an excuse.

CHAIRPERSON: And I guess while on the one hand in certain circumstances the fact that a person has just arrived in a job may put a certain colour to circumstances. On the other hand that might be all the more reason why you want to be careful because you say I am in an environment that I do not know. So let me be more careful. Let me have a look at things and satisfy myself that this is an order.

Particularly because the case we are dealing with does not seem to be - insofar as this document is concerned - does not seem to
20 be a case where they put forward some facts which they may interpret as falling within one of the three exceptions or categories. It is a case where there is absolutely nothing because if they put up certain facts maybe there could be an argument they say we saw these facts as just - as falling under this but you see them differently but in good faith that is how we saw them but here there is just nothing and it - it makes one

wonder how the CFO could not have seen that there were simply no circumstances justifying deviation but I am sure she will come here and she will - she will provide some explanation.

ADV LEAH GCABASHE SC: I am sure she will come ...

CHAIRPERSON: Hm.

ADV LEAH GCABASHE SC: Chairman.

CHAIRPERSON: Hm.

ADV LEAH GCABASHE SC: Chairman a - a more disturbing scenario now that you have painted the first two is where a particular person is
10 deliberately promoted into a - a post knowing that that person's interpretation of certain prescripts goes a particular way. You know because you just look at the time lines here and they really are - are quite strange but that is for us to find out as we proceed in digging into what happened in this - in this instance. It might be an opportune time to just take us through what you did to verify whether the Free State Department of Agriculture and Rural Development had set up a PPP in relation to its agreement with - with Estina.

MR DUMISANI CELE: Chairperson that was very easy for me. As I said that resides within the National Treasury. There is a specific unit
20 that deals with that. So mine was to simply go there check if there was a PPP registered for the Free State Department of Agriculture and the answer was negative. Then the next step was to now verify whether or not this was a sole provider and that unfortunately we could only verify once we obtained documentation from the department.

ADV LEAH GCABASHE SC: Let us go to that part of the investigation

in that case. So you investigated and you wanted to know whether the agreement that had been signed fitted the category of a sole provider. What did you do in investigating this aspect?

MR DUMISANI CELE: The first thing Chairperson was to check with the Treasury - Provincial Treasury and the answer again - that is I was checking whether a deviation was reported for this particular transaction and again the answer was negative here from the Provincial Treasury. They said there was no such deviation that had been reported. Then the next step was to now push the department.

10 The first two steps that I spoke about was even before we could approach the department. We now had to approach the department to obtain documentation and see what process if any was followed to engage the service provider and I prepared a letter Chairperson which I also signed on behalf of my supervisor and then we sent it through to the department and we received a response which sort of - was sort of questioning on what authority I had and/or the person who would have signed the letter.

ADV LEAH GCABASHE SC: Who did you get that response from?

20 **MR DUMISANI CELE:** My recollection is that the response was coming from the HOD.

ADV LEAH GCABASHE SC: Yes continue.

CHAIRPERSON: Mr Thabethe?

MR DUMISANI CELE: Mr Thabethe that is correct.

CHAIRPERSON: Hm.

MR DUMISANI CELE: Then once we realised that that was the

approach they were taking we did not do our normal process of having it signed by my immediate supervisor who is the Chief Director. We took the exact same letter and I got it signed by the Accountant General. Then I took it with me to the Free State to visit the department wherein I wanted to have access to the documentation.

ADV LEAH GCABASHE SC: But before you explain the next step I would like you to go to page 6 - DC that is your affidavit. It is paginated page 6 and just quickly take the Chairman through the seven investigative objectives you hope to achieve by going to see the HOD.

- 10 **MR DUMISANI CELE:** Chairperson, one, it was to see if the project was approved as a PPP arrangement as a sole provider engagement. This remember I have already said - I had already verified from our department internally but give people the benefit of doubt. Just see if they - maybe they misunderstood how the PPP was done and also to verify the supply chain management process followed in the appointment of Estina/Paras to verify how much the department committed and the source of the funds that is the vote or because in terms of the media articles there was an indication that some of the funds could be coming from the National department and if there was
- 20 any capital injection by the service provider to the project.

The fourth one was to investigate the reasons and supporting documentation for the Basic Accounting System Payment. We call it BAS made in excess of 30 million which was said to be available by the department. Also to verify if there were any beneficiaries identified for the AgriBEE and who were they. To also establish through liaising with

Agri SA whether there was value for money to the state on this project - on this project. The last one was to establish if the then state of the project and provide recommendations.

ADV LEAH GCABASHE SC: Yes so in terms of what you then did physically please take the Chairman through the steps you took.

MR DUMISANI CELE: Then Chair I took the letter with me - oh remember Chair I said I had already verified that there was no registered PPP with National Treasury. I checked with the Provincial Treasury. There was no deviation reported. I realised there was
10 something amiss here. We then decided to appoint a service provider to assist this.

Then I took one of - of the team members from the service provider with me to the Free State to meet the HOD and on that first visit with the HOD and remember they had already had access to the letter so they knew what it is that we were looking for. On the passage as we were walking towards his office ...

ADV LEAH GCABASHE SC: Whose office?

MR DUMISANI CELE: The HOD's office.

ADV LEAH GCABASHE SC: Yes. Who were you with?

20 **MR DUMISANI CELE:** I was with a lady from ENS.

ADV LEAH GCABASHE SC: Yes.

MR DUMISANI CELE: That is the service provider that we had appointed.

ADV LEAH GCABASHE SC: Who else was there?

MR DUMISANI CELE: And then there was the CFO. Then the CFO ...

CHAIRPERSON: CFO of the department?

MR DUMISANI CELE: Of the department.

CHAIRPERSON: Ms Dlamini?

MR DUMISANI CELE: Ms Dlamini that is correct.

CHAIRPERSON: *Ja.*

MR DUMISANI CELE: Then the CFO whispered to me in Sesotho Dumisani "*Basotho ba tlao bolaya*" meaning the Sotho are going to kill me. The Basotho people and I wondered why are they going to kill me because ...

10 **CHAIRPERSON:** Why would the Basotho people kill you?

MR DUMISANI CELE: *Ja*, but in any event let me hasten ...

CHAIRPERSON: And why - and why ...?

MR DUMISANI CELE: Let me hasten to say Chairperson I did not take that as a threat from her but rather as a warning that I think I am ...

CHAIRPERSON: You must be - you must be careful.

MR DUMISANI CELE: I must be very careful.

CHAIRPERSON: *Ja.*

MR DUMISANI CELE: Yes. I took it as a warning and I translated it to the lady that I was with ...

20 **CHAIRPERSON:** Hm.

MR DUMISANI CELE: From ENS what she had just said. Then we proceeded to the meeting.

CHAIRPERSON: At that stage you did not know or did you know what her role was in this whole thing - Ms Dlamini?

MR DUMISANI CELE: Chairperson I knew because I had communicated

with her ...

CHAIRPERSON: Oh.

MR DUMISANI CELE: Over the phone before.

CHAIRPERSON: Okay, okay.

MR DUMISANI CELE: So I knew who she was.

CHAIRPERSON: Okay, okay. It is just that it is strange that she - she is talking like ...

MR DUMISANI CELE: (Intervenues).

CHAIRPERSON: Other people not - she would not be involved in that
10 and of course she brings in the ethnicity element, yes. Okay.

ADV LEAH GCABASHE SC: Yes continue. So you walk down the passage to Mr Thabethe's office.

MR DUMISANI CELE: Then we had a meeting there. I produce the letter again that is now signed by the Accountant General and he basically said look we do not have powers to come and investigate this matter and we argued. I tried to take him through the prescripts as to where does he have - does he get the powers from but he was very apprehensive and he was not happy that we were going to look into this matter but eventually I said sir please just help me.

20 Give me the documentation. He eventually said he was going to lodge an inter-governmental dispute. I said that is within your right. Go ahead but so long I need the documentation and he promised to courier them to me because ...

CHAIRPERSON: I mean dispute for what? Really.

MR DUMISANI CELE: The dispute Chairperson was based on the fact

that we as National Treasury he saw us as interfering ...

CHAIRPERSON: Hm.

MR DUMISANI CELE: Because he did not want us (intervenes).

CHAIRPERSON: But you give them money as National Treasury and you have the responsibility to check certain things ...

MR DUMISANI CELE: Chair ...

CHAIRPERSON: And as HOD who would have - he knows that. He - he would have known that. That is not his view Chair. His view is that he is the Accounting Officer. Hence I had to remind him you have got
10 delegated powers. The powers are with the Minister of Finance and when he said he was going to lodge a dispute I said well that - that is your choice and I waited for the dispute until I left National Treasury.

ADV LEAH GCABASHE SC: Did you get ...?

CHAIRPERSON: Okay.

ADV LEAH GCABASHE SC: Did you get any documentation at all from him?

MR DUMISANI CELE: Not on the day Chair. He - he said he was going to ...

CHAIRPERSON: So he flatly refused on that day?

20 **MR DUMISANI CELE:** Not really. Eventually he - he was amendable to providing documentation but he said they were not ready. He was going to courier them. So he - I left without any documentation. The documents were later couriered to our office and when I went through them I realised that the most important documents were still not there. Hence I had to go and again to the department.

ADV LEAH GCABASHE SC: So you went back to Bloemfontein?

MR DUMISANI CELE: That is correct.

ADV LEAH GCABASHE SC: Tell the Chairman about that visit. Who did you go with this time?

MR DUMISANI CELE: The - the second visit I went there with another colleague again from ENS. It was a gentleman this time. The first time I had gone there with a lady. This time around it was with a gentleman but since I had received a friendly warning I was careful. I had spoken to the then head of the Hawks. So he organised for me people from the
10 province.

We communicated over the phone. They drove in their car. I drove in my car up until we got to the place and then they also escorted me back to the airport.

CHAIRPERSON: So basically you had to organise some protection for yourself?

MR DUMISANI CELE: That is correct Chairperson.

CHAIRPERSON: Yes. So I guess that must show how serious - serious the situation was and how at least at that time you were taking the - how seriously you were taking what Ms Dlamini on the first visit.

20 **MR DUMISANI CELE:** Chair that is how serious it was.

CHAIRPERSON: Yes.

MR DUMISANI CELE: I mean for - for us as National Treasury to approach the head of the Hawks.

CHAIRPERSON: Yes.

MR DUMISANI CELE: That is how seriously we took it.

CHAIRPERSON: Yes, thank you.

ADV LEAH GCABASHE SC: Mr Cele so on this visit were you hoping to find a pack of the outstanding documentation or at least to be given the outstanding documentation? Were you successful?

MR DUMISANI CELE: Chair ...

ADV LEAH GCABASHE SC: If you look - continue. So paragraph 17 dealt with the first visit. No - no documentation and then you had your subsequent meeting but do you recall whether you left with the - the outstanding documentation or not?

10 **MR DUMISANI CELE:** My recollection again here Chairperson was that I did not get the documentation simply because I remember I - from Bloemfontein I flew back to Johannesburg and Johannesburg quickly to Durban for another meeting. Otherwise I would have organised somebody to take those documents to the office if I had them but I do not think we were give documents again on this visit.

ADV LEAH GCABASHE SC: In fact ...

CHAIRPERSON: But do you recall what the reason was this time ...

MR DUMISANI CELE: The ...

CHAIRPERSON: Or you cannot recall?

20 **MR DUMISANI CELE:** The - in the main Chairperson it was an issue of like we are looking for documents that maybe they are not there but we - we were saying these are primary documents. There is no way that they cannot be there. So they should here. They should be somewhere here.

CHAIRPERSON: And this time ...

ADV LEAH GCABASHE SC: Mic Chairman.

CHAIRPERSON: Sorry, thank you. This time the - the atmosphere how tense was it? Was there tension in this second meeting with the HOD or not really?

MR DUMISANI CELE: Look Chairperson doing - having done this work for so long I tried to ignore the tensions. *Ja*, I just rub it off ...

CHAIRPERSON: Okay.

MR DUMISANI CELE: And I deal with the people ...

CHAIRPERSON: Okay.

10 **MR DUMISANI CELE:** Because I mean I encounter it almost every day.

CHAIRPERSON: Yes, yes okay.

ADV LEAH GCABASHE SC: If you look at DC70 that is again the bundle that has your affidavit. If you go right towards the back to page 70 there is a - a heading towards the bottom that says "Specific Limitations" and it is clear from what is set out here that Mr Thabethe and/or other officials may have withheld investigation - I beg your pardon - may withheld information from the investigation team.

So your report was conclusive but only in respect of the information that had actually been given to you?

20 **MR DUMISANI CELE:** Yes that is correct Chairperson. I only visited the department twice but subsequently the team went there. So I was never part - a part of those meetings but yes that was the response they kept providing to me. I mean the feedback that they are not getting the documentation that they require.

CHAIRPERSON: So - so by the time you prepared your report you did

so still without certain documents that you would have wanted - you -
you would have liked to see?

MR DUMISANI CELE: Chairperson may be I must qualify so that it is
not interpreted as if I was party to report writing.

CHAIRPERSON: Yes.

MR DUMISANI CELE: I was only overseeing ...

CHAIRPERSON: Yes.

MR DUMISANI CELE: The project.

CHAIRPERSON: Yes.

10 **MR DUMISANI CELE:** The - because this is an independent firm that it
is appointing.

CHAIRPERSON: Yes. Okay, yes.

MR DUMISANI CELE: They independently compiled ...

CHAIRPERSON: Yes, yes.

MR DUMISANI CELE: The report. Then they submitted it to me once
they ...

CHAIRPERSON: Yes, yes.

MR DUMISANI CELE: They were done.

CHAIRPERSON: Yes but they did so still with some documents
20 outstanding that they would have liked and that you would have liked to
have been made available?

MR DUMISANI CELE: That is correct Chairperson.

CHAIRPERSON: Okay.

ADV LEAH GCABASHE SC: Now at page 9 of your affidavit paragraph
21 you set out a conclusion you reached. Please speak to the

Chairman about that.

MR DUMISANI CELE: Chairperson we - we basically saying there they failed to follow the proper procurement process because we are saying even if they had - firstly which is critical is that they did not go out on open tender but secondly even if they had deviated they were supposed to report which they did not so. Hence we are saying they failed just too simply follow the proper procurement process.

ADV LEAH GCABASHE SC: I will then ask you to turn to page 64 of the same document while you hold your finger at page 9 and there you
10 have a heading at paragraph 7.1 that reads “Conclusions on the Supply Chain Management Process followed”. I will not ask you to read that. I had thought I would ask you to read it into the record but because of time it is not really prudent or appropriate but you accept that these are the conclusions certainly on the Supply Chain Management Process that you were quite intimately involved in. These were the conclusions you reached?

MR DUMISANI CELE: That is correct Chairperson.

ADV LEAH GCABASHE SC: With respect to the CFO who co-signed the letter of deviation what ought the CFO to have done quite
20 independently of the HOD? My - my question really is does she have a relationship at all with Treasury? Can she bounce ideas off Treasury when she is not sure about whether a particular deviation fits the prescripts? What - what support structures are built into your system to help somebody like that?

MR DUMISANI CELE: Chairperson at National Treasury we have got

people who support provinces, departments or entities and they interact with CFOs in the main and we have got a specialised unit in terms of - for instance we have got a unit that deals strictly with PFMA. If for instance I was out in another province and I had an issue or query in respect of PFMA there were colleagues that I would always call just to find out because they deal with it on a daily basis.

They will be able to give an answer quickly but the - the CFO is the right person that should have advised both Dr Masiteng as well as the HOD if there was anything untoward in terms of the - or that was
10 not proper in terms of the motivation and/or if she was not clear she should have sought advice from the relevant officials.

CHAIRPERSON: This is a - as I understood. This is a basic thing. Is it not?

MR DUMISANI CELE: That is correct Chair.

CHAIRPERSON: Very basic?

MR DUMISANI CELE: That is correct.

CHAIRPERSON: And it is not complicated whether anyone of these three situations exist in a particular case and if you are given a memorandum that makes a proposal that you should recommend or
20 approve that this situation fits into that situation. It is - it is nothing complex and it is difficult to understand how a CFO and an HDO none of them would pick up that the document placed before them does not address that critical issue and it may well be that the failure to report to Treasury that approved a deviation has something to do with the HOD having signed fully aware that this - there were no grounds for

deviating and maybe he knew that if he reported to Treasury, Treasury would say but this document which you signed does not have a single thing that says the situation falls under the - one of the exceptions.

Stop the whole thing. Maybe that is why but I do not know. He will come and he will explain. Maybe give an explanation and maybe I am looking at it in a different way and maybe I am being - it is because I am not a - a Manager and I do not know how these things work and maybe an HOD who has to deal with lots of these things would understand how an HOD would not pick up something like this.

10 **MR DUMISANI CELE:** Chair you are spot on and the Treasury does not stop at that. They could have even asked for documentation to see what is happening with this transaction.

CHAIRPERSON: And during your interactions with the HOD he - he never said you know what I realised afterwards that I did not read this document properly or I am realising now that you are asking me questions that I did not read it properly. I thought it did address this situation. That was never his attitude. Was it?

MR DUMISANI CELE: No Chair as I said for me whilst I was there I was still waiting for inter-governmental dispute because he believed
20 that he - he had done everything according to the book.

CHAIRPERSON: Yes.

ADV LEAH GCABASHE SC: Thank you.

CHAIRPERSON: Thank you.

ADV LEAH GCABASHE SC: Thank you Chair. Just in context it means that not only did the CFO get it wrong. The HOD got it wrong but the

Premier of the - of the Province got it wrong because in her response to the Public Protector the Premier had the following to say. Essentially maybe I should just paraphrase it Chairman. That there is no closed list of deviations.

So where you have the policy document saying for example one, two, three. As I have understood his response you can add other examples to that list of deviations. So my question is, is it correct to interpret the policy document as one that has an extended list of deviations or is the prescript pretty tight and narrow?

10 **MR DUMISANI CELE:** Chairperson let me accept that there is no closed list maybe from National Treasury but they themselves had closed it as a department. So how could they then turn around and say it is not closed when they closed it themselves. Why ...

CHAIRPERSON: But - yes.

MR DUMISANI CELE: Why I am saying chairperson maybe there is no closed list but there is a - a closed interpretation of when or grounds for - for deviating. I am saying that because I know for instance in the - in the local sphere that mainly it is referred to as Section 36 in the Local Government Sphere. I think there is four grounds. The fourth
20 being when you are dealing with zoos. So it - but the interpretation - that interpretation sounds incorrect to me.

ADV LEAH GCABASHE SC: Well let me just read it - the salient part into the record and - and this is what it says at paragraph 5.1.16. This is the report of the Public Protector dated February 2018 and it says the following:

“What is actually contained in paragraph 3.5.1 of the SCM Policy is significantly different to what he had just earlier. It provides that ...”

And I quote:

“ ...if in a specific case it is impractical to invite competitive bids for example in urgent or emergency cases or in cases of a sole supplier the goods or service may be procured in accordance with Treasury Regulation 16A6.4. The reasons for deviating from inviting competitive bids should be recorded and approved by the Accounting Officer.”

He goes on to say:

“It is consequently clear that urgent or emergency cases or sole suppliers are mentioned as examples and not as exclusive instances when a deviation may be considered.”

That’s the Premier’s response to the Public Protector.

MR DUMISANE CELE: That is incorrect Chair, the key is that they say they’re being impractical, then the circumstances for that impracticality may differ from entity A to Z, but not the principle of impracticability.

CHAIRPERSON: So the position is you are told that there are three principles or exceptions under which deviation is permitted, and those three are the only three situations, but the facts which you can use to say to determine whether a situation fits into one or the other of the three situations may differ, but the question will always be you must

look at the facts you have and see whether they fit into any one of the three exceptions, or principles. If they fit into one or more you are fine, if they don't fit in any then you don't have grounds of deviation, isn't it?

MR DUMISANE CELE: That's correct Chair.

CHAIRPERSON: Yes.

ADV LEAH GCABASHE SC: And back at page 9 of your affidavit where at paragraph 23 you speak of Practice Note number 8 of 2007/2008 and there's certain conclusions that you start drawing from paragraph 23
10 going down across to paragraph 27. If you could just take the Chairman through those very briefly, and also explain the importance of Practice Note number 8.

MR DUMISANE CELE: Okay Chair Practice Note number 8 has a preamble in it, it explains why a need for it in the first place, it was developed simply because it wanted to circumvent or to stop the abuse of deviation. Now on paragraph 23 I deal mainly with what we have dealt with, that is under which grounds is the accounting officer authorised or permitted to deviate. Paragraph 24 what is important is that the Practice Note says if you have deviated and the amount is
20 above one million Rand you must within ten working days report in writing, to the relevant Treasury as well as Auditor General.

ADV LEAH GCABASHE SC: Now the amount here was in excess of R1million, so they were locked in to Practice Note 8, continue.

MR DUMISANE CELE: That's correct. The report must include the description of the goods and services, the name of the supplier that we

have appointed, the amount involved, and the reasons for dispensing with the normal procurement process and in this instance as I said there was no proof produced that it was ever reported. Then paragraph 27 tells to the effect that the Treasury regulations does not only require the Accounting Officer to provide reasons but also to report in writing, that's the main issue that I was raising that it should have been in writing.

ADV LEAH GCABASHE SC: Yes, so your conclusion is that at 28 where you say really the market had not been tested before they
10 appointed Estina?

MR DUMISANE CELE: That's correct.

ADV LEAH GCABASHE SC: Information was scarce, no tender was advertised and in essence the Accounting Officer appeared to have abused his powers when appointing Estina?

MR DUMISANE CELE: That's correct.

CHAIRPERSON: Well Dr Masiteng when he gave evidence here said that in effect the HOD, when the HOD came to him with the documentation that related to the proposal he was asking him to make and to prepare documents that would justify deviation he said quite a
20 number of times that he was deviating so it seems that he was, if there was anything he was clear about was that this was a case where procurement procedures were I suppose normally to be followed if Dr Masiteng's evidence is true but he was quite clear that he was deviating from those procedures and one would have thought that therefore he would have made sure that the document he signed to

approve deviation contained those reason if they existed. I know I'm saying something about which you probably have nothing to say, you say it accords with your report, your team's report.

MR DUMISANE CELE: Chair there is something to say, although it's news to me that now it is the HOD that initiated it, the PFMA says if the Accounting Officer foresees that for some reason is not able to comply with the prescripts or with the law he must then ask for dispensive with that from the Treasury, so if it was the Accounting Officer who initiated it he should have gone to the Treasury and said I want to deviate on
10 this project for A, B and C.

CHAIRPERSON: And not to his subordinates, he shouldn't have gone to his subordinates.

MR DUMISANE CELE: No if it was him initiating it he should have gone to people above him.

CHAIRPERSON: Well Dr Masiteng was quite clear that the HOD was the one who came to him and asked him to compile a document that would in effect seek a deviation and he said he was deviating, he apparently said that quite a number of times, he was quite clear that he was deviating so but you say in that case he should have gone to
20 Treasury to seek approval.

MR DUMISANE CELE: Yes.

CHAIRPERSON: Thank you.

ADV LEAH GCABASHE SC: The only point I want to confirm with you though is that where a particular project that an HOD wants to apply a deviation to will be implemented in a particular unit, you called it a vote

earlier because every unit gets a vote, gets a certain amount of money. Then the HOD ought to allow that project to be initiated from that unit, that's the ideal, but if the HOD was the initiator how would he be able to initiate in my unit, let's assume I'm – well let's take Dr Masiteng, he was in charge of District Services, this was a District Services project. The HOD as I understand that has had no choice but to go to the unit where this project was going to be implemented and get them to prepare the documentation that would have to be approved by him. I don't know if you understand my question?

- 10 **MR DUMISANE CELE:** The difficulty here Chairperson is that if it is the HOD that's initiating it who is going to approve? What facts is he going to apply his mind on.

CHAIRPERSON: Yes.

MR DUMISANE CELE: Because it's him asking himself basically, the only thing he has done is he has asked somebody else to type that which is coming to him.

- CHAIRPERSON:** Yes, well that's one of the issues that was highlighted during Dr Masiteng's evidence because he – his the approach of his evidence was that look this document was not my document, even
20 though you see my signature there and I am reflected as the person who submitted this proposal. I was asked by the HOD to compile a document because he wanted a deviation to be done here, and whatever I was doing I was just carrying out his instructions, that was the effect of Dr Masiteng's evidence in regard to his role, hence my question in relation to the recommendation that I told you about to say

so who is recommending the approval of this document, because the HOD can't be said to be recommending to himself, he approved, the CFO did recommend, but you submitted a document and before your signature or the three signatures there's recommendation so who is picking to that recommendation and – but we left it on the basis that he gave his best perspective, he admits that he signed, he signed it but he says these are the circumstances under which I signed that. I didn't get any benefit out of this whole thing, my HOD came to me, he was clear that he was deviating, he asked me to compile this document, I
10 compiled it. You might not be able to say anything but I was just giving you the full effect of his evidence in relation to his role. Yes Ms Gcabashe you may proceed.

ADV LEAH GCABASHE SC: The only other area I want to touch on, because really I think we have exhausted the whole SEM policy framework which is really where you were very involved in, Chairman somebody else will deal with the value for money aspect of this report and yet somebody else with the financial commitments that were made.

CHAIRPERSON: Yes.

ADV LEAH GCABASHE SC: But I would like you to please just go to
20 page 54 of your (indistinct) again and it's really still the ENS report, the National Treasury Report which then talks to the issue of beneficiaries of the Vrede Dairy Project, and at paragraph 4.1.1 you set out your findings that beneficiaries for this project were not identified until the Department of Agriculture, Forestry and Fisheries raised the issue pertinently with them. Do you recall these discussions?

MR DUMISANE CELE: Yes Chair I do recall that because from the agreements that have been signed it appeared as if there were beneficiaries from the community but during the investigation it transpired that beneficiaries actually came as an afterthought to the project.

ADV LEAH GCABASHE SC: In fact if you then look and maybe possibly just read into the record the six recommendations that were made by the director, or rather the coordinator of the CASP allocation. Again we are still on page 54, project beneficiaries, in italics you find
10 recommendations, could you just briefly read those into the record.

MR DUMISANE CELE: (ii) says:

“The Province must conduct a proper feasibility study.”

ADV LEAH GCABASHE SC: Let’s just pause there, so what the DAF coordinator concluded was that having looked at what happened on this project this was the first recommendation she would make?

MR DUMISANE CELE: That’s correct.

ADV LEAH GCABASHE SC: And if I recall correctly it is part of SCM policy that you do a feasibility study first before you start signing documents.

20 **MR DUMISANE CELE:** The SCM framework talks about I think there’s about six teams, first of which is demand management, that’s where you would have done your feasibility study before you actually do the actual procurement of goods and services.

ADV LEAH GCABASHE SC: So it’s all prescribed in legislation and in the policy documents.

MR DUMISANE CELE: That's correct.

ADV LEAH GCABASHE SC: The next one.

MR DUMISANE CELE:

“The Province must develop a business plan for the Project.”

ADV LEAH GCABASHE SC: Yes continue.

MR DUMISANE CELE: (iii)\

“The Province must connect a political impact study.”

ADV LEAH GCABASHE SC: That's an EIA essentially and the fact that these items are indicated here means that they had not been done
10 when the – in 2013 when the CASP allocation was made, continue.

MR DUMISANE CELE: (iv)

“The Province must get approval for water rights for the projects.”

ADV LEAH GCABASHE SC: Continue.

MR DUMISANE CELE: (v)

“The Province must outline clearly who the 100 smallholder farmers are and mobilise and structure them accordingly.”

ADV LEAH GCABASHE SC: That's the point you raised under beneficiaries.

20 **MR DUMISANE CELE:** That's correct.

ADV LEAH GCABASHE SC: And the last one which is very important?

MR DUMISANE CELE:

“The 53million allocated from CASP in 2013/2014 be withdrawn from the project and be directed to incomplete projects in the Province and to smallholder farmers.”

ADV LEAH GCABASHE SC: So on your investigation having spoken to this particular coordinator she felt so strongly that she recommended to her Director General that the 53million that had been allocated to the Department of Agriculture and Rural Development be withdrawn until such time as they have complied with all the prescripts.

MR DUMISANE CELE: To be quite honest Chairperson yes I will say yes because it is part of the report that was eventually submitted to the National Treasury, but unfortunately at the time when this report was submitted I was serving my notice period and I wouldn't recollect all the
10 factors contained therein.

CHAIRPERSON: Yes.

ADV LEAH GCABASHE SC: But at paragraph 30 of your affidavit, I am back at page 10 you do state that part of the investigation was to identify whether there were any beneficiaries identified for the Agri BEEE.

MR DUMISANE CELE: Yes.

ADV LEAH GCABASHE SC: And who they were?

MR DUMISANE CELE: That's correct, and at (indistinct) the team informed me long before they could even draft the report, so
20 immediately when they were on the ground they found that actually there were no agri-BEE beneficiaries.

ADV LEAH GCABASHE SC: And that's what you note in paragraph 30?

MR DUMISANE CELE: That's correct.

ADV LEAH GCABASHE SC: Then last you at paragraph 31 use the word in the very last line that Ms Dlamini and Mr Thabethe could have

committed financial misconduct as envisaged in Section 81 of the Act, set out the forms of financial misconduct that the PFMA provides for and then put these two officials squarely in the one that you think fits the conduct that they embarked on.

MR DUMISANE CELE: Chairperson the Act says within your area of responsibility you must do all to avoid irregular expenditure, unauthorised expenditure, fruitless and wasteful expenditure, and here this was right from the onset it was clear that it was irregular expenditure because it did not adhere to the principles of proper
10 procurement principles.

ADV LEAH GCABASHE SC: Chairman I believe those are the salient issues we really wanted to raise just given the time. Mr Cele are there any other matters you would like to bring to the attention of the Chairman before I just tidy up once small matter regarding this document?

MR DUMISANE CELE: Just one Chairperson, it is the fact that on the basic accounting system payment had been uploaded in 2012, but were only approved almost a year in 2013.

ADV LEAH GCABASHE SC: You deal with that at paragraph 29 on
20 page 10.

MR DUMISANE CELE: Ja.

ADV LEAH GCABASHE SC: What was curious about that?

MR DUMISANE CELE: It's the thing that why would it be that a transaction has been initiated on the system and it doesn't get approved for almost a year and the answer came later during the

investigation that it would appear that it is because there was no funding enough for the transaction that had been initiated on the system, probably everybody else was worried to approve it.

ADV LEAH GCABASHE SC: Thank you. Chairman may I just take Mr Cele back to page 2, the 2019 statement.

CHAIRPERSON: Yes.

ADV LEAH GCABASHE SC: And I must point out the inconsistency here because we have signed and sworn to before me at Durban, and yet the Commissioner of Oaths gives an address in Pietermaritzburg, 10 does that mean he lived in Pietermaritzburg but at the time that you commissioned, he commissioned the document, you deposed to it and signed, commissioned it he was in Durban, could you just explain that to the Chairman?

MR DUMISANE CELE: Thank you Chair. Fortunately he personally came with it to me, and I signed in Durban.

ADV LEAH GCABASHE SC: But he is a Maritzburg man.

MR DUMISANE CELE: Yes, that is correct Advocate Gcabashe.

ADV LEAH GCABASHE SC: Are you satisfied Chairman?

CHAIRPERSON: Because I think, yes because I think in terms of the 20 regulations governing Commissioners of Oaths he is supposed to give his address, so if his address was a Pietermaritzburg address that's the address he would give, but the place where the oath is taken must be indicated and it was indicated correctly.

ADV LEAH GCABASHE SC: Thank you Chair.

CHAIRPERSON: But I think it was important that you picked that up.

ADV LEAH GCABASHE SC: For the record.

CHAIRPERSON: Ja.

ADV LEAH GCABASHE SC: Just to clarify it.

CHAIRPERSON: Ja, ja.

ADV LEAH GCABASHE SC: Chairman that is the evidence for today, we had hoped to lead the evidence of Mr Dawie Maree who has been with us all day, but unfortunately the morning session took longer than we anticipated. We need about two hours to lead his evidence and it will not work for this afternoon, so we think we will move him into our
10 August program. He has got very important information in relation to the value for money proposition, and they will agree, the dairy industry and the businesses, the business of raising dairy cows in areas like Vrede.

CHAIRPERSON: Yes, yes.

ADV LEAH GCABASHE SC: So with your leave Chairman might we simply move that particular matter, that hearing into the August schedule.

CHAIRPERSON: We can do that but if everybody was ready for us to continue until five I would have been prepared to take a short break
20 and then we continue.

ADV LEAH GCABASHE SC: We could Chair.

CHAIRPERSON: We could, oh then maybe that might help, that is if it suits him as well, because then if we finish at five we might be left with one hour only which we could accommodate easily later on but we could go up to five and then see how far, how much we have been able

to make.

ADV LEAH GCABASHE SC: We are comfortable with that Chair.

CHAIRPERSON: You are comfortable with that, okay.

ADV LEAH GCABASHE SC: Yes, if you would please excuse Mr Cele who has a plane to catch.

CHAIRPERSON: Yes, thank you very much Mr Cele for having come forward to assist, we appreciate that very much. Should the need arise we will call you back, but it seems unlikely when I have regard to the report and what you have told us but if there is a need you will be
10 asked to come back, but thank you very much and you are excused.

MR DUMISANE CELE: Thank you Chair.

CHAIRPERSON: Thank you. So let us take a short break, maybe if we – what we will do we will make sure that at least once I start with him we go for a minimum of an hour so if it means going a little bit over a five o'clock that should be fine, ten past, quarter past, but we will talk at five.

We will adjourn and resume at quarter past five. We adjourn.

ADV LEAH GCABASHE SC: Chairman at quarter past four, not at quarter past five.

20 **CHAIRPERSON:** Quarter past four, thank you.

REGISTRAR: All rise.

INQUIRY ADJOURNS

INQUIRY RESUMES

CHAIRPERSON: Are you ready?

ADV REFILOE MOLEFE: We are ready Chair.

CHAIRPERSON: Yes okay.

ADV REFILOE MOLEFE: The next witness whom the legal team is calling is Mr David Andreas Maree. Chair his evidence is contained in Exhibit HH9 or rather the file marked HH9 and we beg that it be admitted into the record as such.

CHAIRPERSON: The lever arch file containing the statement by Mr David Andreas Maree will be marked Exhibit HH9.

ADV REFILOE MOLEFE: Thank you Chair. We have taken the liberty to provide the Chair with an additional file. This file contains only the
10 report of Mr Maree and this is only for ease of reference so that the Chair can navigate through both the report as well as the relevant annexures.

CHAIRPERSON: Thank you.

ADV REFILOE MOLEFE: Thank you Chair. And we have noted once more than the affidavit was referred to as a sworn affidavit which is a matter we will rectify moving forward Chair.

CHAIRPERSON: Yes.

ADV REFILOE MOLEFE: Thank you. Chair.

CHAIRPERSON: Okay I guess – I guess it happened before the issue
20 was raised?

ADV REFILOE MOLEFE: Indeed Chair I suspect it was a template that was used.

CHAIRPERSON: Okay no that is fine.

ADV REFILOE MOLEFE: Thank you Chair. Chair the evidence of Mr Maree relates to the review of several documents relative to the Estina

Project and from which he draws conclusion on the value of money of the project. And it is on this premise that Mr Maree prepared the report which the ENS Incorporated into their report dealing with the value for money aspect.

CHAIRPERSON: Yes. No that is fine.

ADV REFILOE MOLEFE: Thank you Chair might we request that the witness be sworn in?

CHAIRPERSON: Please administer the oath or affirmation.

REGISTRAR: Please state your full names for the record?

10 **MR DAVID ANDREAS MAREE**: David Andreas Maree.

REGISTRAR: Do you have any objection into taking the prescribed oath?

MR DAVID ANDREAS MAREE: No.

REGISTRAR: Do you consider the oath to be binding on your conscience?

MR DAVID ANDREAS MAREE: Yes.

REGISTRAR: Do you swear that the evidence you will give will be the truth; the whole truth and nothing but the truth; if so please raise your right hand and say, so help me God.

20 **MR DAVID ANDREAS MAREE**: So help me God.

CHAIRPERSON: Is it hot inside here?

ADV REFILOE MOLEFE: It is indeed so Chair.

CHAIRPERSON: Yes. Please advise the [indistinct] to make it a little cooler ja. Okay. Thank you. Yes you may proceed.

ADV REFILOE MOLEFE: Thank you Chair. Mr Maree please refer to

the bundle marked HH9 that is placed before you. Please turn to page 1 of that file. Is that your name that appears on that page?

MR DAVID ANDREAS MAREE: Yes it is.

ADV REFILOE MOLEFE: Can you also turn over to page 3 of that document, is that your signature appearing on that page?

MR DAVID ANDREAS MAREE: Chair it indeed is.

ADV REFILOE MOLEFE: And just below your signature is that the date on which you signed this affidavit?

MR DAVID ANDREAS MAREE: Yes 17 July 2019.

10 **ADV REFILOE MOLEFE:** And are there any corrections that you wish to effect to your statement?

MR DAVID ANDREAS MAREE: No not at this stage Chair.

ADV REFILOE MOLEFE: Do you confirm the correctness of your statement?

MR DAVID ANDREAS MAREE: Yes Chair I do.

ADV REFILOE MOLEFE: Thank you. Can you then turn over to page 4 of the bundle? That is a document that you have annexed as your annexure to your affidavit and you have so annexed it as CM1, is that correct?

20 **MR DAVID ANDREAS MAREE:** That is correct.

ADV REFILOE MOLEFE: And what document appears on that page?

MR DAVID ANDREAS MAREE: That is my Curriculum Vitae Chair.

ADV REFILOE MOLEFE: Can you please take the Chair through your qualifications?

MR DAVID ANDREAS MAREE: Chair I have matriculated in

Ventersdorp High School. After that I have studied Bsc Agriculture – Bsc Agric Agriculture Economics which was conferred on the – in 2000. I then did a Masters in Management Degree at the University of Antwerp Management School. It is locally evaluated by SACWA as a Masters in Business Administration. That was done in 2001/2002. After that I did – I have done my Masters MSC Agric also in Agriculture Economics which I completed in 2007.

ADV REFILOE MOLEFE: And what do you currently do?

MR DAVID ANDREAS MAREE: Chair I am currently employed by First
10 National Bank Business Agriculture where I am one of the senior agricultural economists. I am also the head of marketing and communication at FNB Agric.

ADV REFILOE MOLEFE: Yes. Can you also take the Chair through your employment history?

MR DAVID ANDREAS MAREE: I will do. Chair before I joined FNB I was [intervention].

CHAIRPERSON: Well maybe before that to the extent that your two Master Degrees might have something to do with the report that you did there maybe you could just tell us more about what studies you did
20 there which might have a bearing on the assignment you were given in regard to the report.

MR DAVID ANDREAS MAREE: Indeed Chair thank you ja. I think the most appropriate one was my thesis for my MSC Agric degree with is Titled The Development of Different Technical Economic and Financial Benchmarks as a Management Tool for Intensive Milk Producers on the

Highveld of South Africa. So that was while I was in the employment of the Milk Producers Organisation.

CHAIRPERSON: Yes.

MR DAVID ANDREAS MAREE: I did the study and specifically in the dairy industry.

CHAIRPERSON: In the dairy industry?

MR DAVID ANDREAS MAREE: Correct.

CHAIRPERSON: So you Masters is in the dairy industry?

MR DAVID ANDREAS MAREE: That is correct Chair.

10 **CHAIRPERSON**: Okay thank you.

ADV REFILOE MOLEFE: Thank you and have you written any papers or any work that has been publicised?

MR DAVID ANDREAS MAREE: Chair yes I have I did a couple of work and papers and publications. Some of them are referred to on page 8 and 9 of the document. Various articles in the Dairy Mail which is a semi-scientific magazine for dairy producers. Me and a colleague with the MPO we have done an investigation into the Zambian Dairy Industry. As I have said my Master's Degree in the develop – the benchmarks and then also various articles for other magazines as well.

20 **CHAIRPERSON**: And some of the – are any of these magazines or journals professional kind of journals as such?

MR DAVID ANDREAS MAREE: Chair the – ja – the Dairy Mail as I have said is a semi-scientific journal or magazine. Then Lacto Data it is point number 5 on page 8.

CHAIRPERSON: Yes.

MR DAVID ANDREAS MAREE: Lacto Data is the official statistics of the dairy industry in South Africa.

CHAIRPERSON: Yes.

MR DAVID ANDREAS MAREE: It is a publication under the auspices of Milk SA.

CHAIRPERSON: Hm.

MR DAVID ANDREAS MAREE: And then also I have done a paper – a poster paper for the IFCN or the International Farm Comparison Network Conference in 2008 in Germany.

10 **CHAIRPERSON:** And the Lacto Data would that be a magazine that is relied upon by various role players within the dairy industries on certain topics?

MR DAVID ANDREAS MAREE: Chair yes that is more the Dairy Mail.

CHAIRPERSON: Yes.

MR DAVID ANDREAS MAREE: Lacto Data is a statistical publication.

CHAIRPERSON: Hm.

MR DAVID ANDREAS MAREE: It appeared twice a year and that contains all the statistics of dairy – dairy farming in South Africa.

CHAIRPERSON: Oh that one relates to statistics but the Dairy Mail?

20 **MR DAVID ANDREAS MAREE:** The Dairy Mail is a magazine.

CHAIRPERSON: Is the one that would be relied upon by role players in the dairy industry?

MR DAVID ANDREAS MAREE: That is correct Chair.

CHAIRPERSON: Okay.

ADV REFILOE MOLEFE: Perhaps just to clarify that. The Lacto Data

on what basis would you rely on the statistical information contained in the collection of that data?

MR DAVID ANDREAS MAREE: Chair the Lacto Data is compiled through statistics obtained via a statutory measure through the National Agricultural Marketing Council that is upon dairy producers. They need to annually submit certain information to the Milk Producers Organisation as well as information of the secondary industry so that is your milk processors which falls under the auspices of SAMPRO, the South African Milk Processes Organisation and under Milk SA because
10 these two bodies together form Milk SA and through that information we compile Lacto Data.

ADV REFILOE MOLEFE: Thank you. Can you then turn with me to Annexure CM2 in that bundle and that appears on page 10 all the way to page 29 of the bundle. Are you there?

MR DAVID ANDREAS MAREE: I am there thanks.

ADV REFILOE MOLEFE: What document are we looking at from page 10 to 29?

MR DAVID ANDREAS MAREE: Chair that is my report that I have written that was commissioned by ENS in December 2013 reviewing
20 three different documents that were provided to me in terms of this specific Vrede Integrated Project.

ADV REFILOE MOLEFE: Yes. And if we turn over leaf on page 11 and 12 is the index, is that correct?

MR DAVID ANDREAS MAREE: That is correct Chair.

ADV REFILOE MOLEFE: And if we turn again further to page 13 of that

document there the report sets out an introduction that is followed by an overview of the project. On whose understanding have you formulated that overview that appears under your introduction?

MR DAVID ANDREAS MAREE: Chair the overview was formulated from the three documents that was provided to me by ENS to give an overview of the project – the Vrede Integrated Dairy Project. So it all came from those three different documents.

ADV REFILOE MOLEFE: Thank you. And if we move further down on that report the second heading you have entitled Problem Statement, is
10 that correct?

MR DAVID ANDREAS MAREE: That is correct Chair.

ADV REFILOE MOLEFE: Now what were you required to do that resulted in the production of this report and you will do so by telling the Chair which documents were provided to you in doing so.

MR DAVID ANDREAS MAREE: Chair as I have mentioned ENS provided me three documents. The first one was the Project Proposal of which there was actually two copies. A business plan and a feasibility study. We – I have met with ENS and they have asked me and that is related in the terms of reference for this document to look at the
20 specific project the reasonableness of the costs and then in the end were there value for money for the investment made into this project.

ADV REFILOE MOLEFE: Yes you have paraphrased those terms of reference as appears on page 13. Can I request you to just read those terms into the record? I note that there are three terms of reference that you were provided.

MR DAVID ANDREAS MAREE: Certainly for the record:

“The terms of reference were to review the documents as mentioned above to determine:

1. The reasonableness of the cost quoted in the documents.
2. Whether there was or would be any benefit for government in the project thus value for money spent invested and lastly
3. Any other concerns regarding the feasibility or sustainability of the project.”

10

CHAIRPERSON: Well when I read this it appeared to me that the heading is wrong. It is not a problem statement. It is your brief, it is your mandate, am I right?

MR DAVID ANDREAS MAREE: That is correct Chair.

CHAIRPERSON: Yes because it does not state any problem.

MR DAVID ANDREAS MAREE: Ja.

CHAIRPERSON: Okay.

ADV REFILOE MOLEFE: Thank you Chair. Mr Maree what methodology did you adopt in conducting this review investigation?

20 **MR DAVID ANDREAS MAREE**: Chair so I have received the documents in hard copy from ENS the three mentioned documents. Given my expertise and my – well I would not say expertise – my knowledge of the dairy industry and my contacts and network within agriculture I relied on that and I have reviewed the documents given – well I have and also the practical experience that I know or that I have of the dairy

industry I put that to use in compiling this report.

ADV REFILOE MOLEFE: And did you encounter any limitations in your investigation?

MR DAVID ANDREAS MAREE: Chair yes there was certain limitations in the sense that the documents was – well some of them were a bit unclear, first of all. Secondly I think also it was not complete. There was certain information that was not in the documents that would have made it – the report easier. And then thirdly I think and overall information especially on the – on the processing side of the – of this
10 specific project there was limitations on that or getting information on that.

ADV REFILOE MOLEFE: Yes and you will deal with those limitations as you take the Chair through each and every document. Can we then turn over to page 14 of the paginated bundle? From paragraph 1.4 of that report you provide a background to the dairy industry in South Africa, is that correct?

MR DAVID ANDREAS MAREE: That is correct Chair.

ADV REFILOE MOLEFE: And what is the period in terms of years that you have considered in providing this background?

20 **MR DAVID ANDREAS MAREE:** Chair since the study was done or the report was done in 2013 I have obviously used 2013 data and the previous years. Subsequently the data from Lacto Data a November 2013 at that stage was the newest or the latest report and that used data from 2006 up until 2013 November.

ADV REFILOE MOLEFE: And in your report you set out the background

firstly by making reference to the number of dairy farms in the country, is that correct?

MR DAVID ANDREAS MAREE: That is correct Chair.

ADV REFILOE MOLEFE: Can you please take the Chair through the figures that you discuss in relation to this background?

MR DAVID ANDREAS MAREE: Chair I think what is important there is the decline – overall decline in dairy producers in South Africa in – as a country. We have declined from 2000 – ag sorry apologies from 3899 in January 2007 up to 2083 at that stage in September 2013. So there
10 was a substantial decline in the numbers and you know specifically related to this project. In the Free State the decline was even more substantial. There was a 75% decrease in dairy producers in that specific province. From 1067 in January 2006 up to 423 in September 2013.

ADV REFILOE MOLEFE: I am sorry Mr Maree did you say that the decrease was 75 I have it there as

MR DAVID ANDREAS MAREE: 75% Chair.

ADV REFILOE MOLEFE: Can I refer you to your report?

MR DAVID ANDREAS MAREE: Yes.

20 **ADV REFILOE MOLEFE:** Perhaps I am not reading this table correctly. In your analysis on the number of milk producers per province as I understand that table you set out firstly from the extreme of that table you enlist all the provinces. The second column all the way to the second last column is the period January 2005 all the way to September 2013.

MR DAVID ANDREAS MAREE: Correct.

ADV REFILOE MOLEFE: And the last column reflects the change whether it be a decrease or an increase. When I look at the row where you provide information relative to the Free State the figure that appears there in the change is -57. Perhaps I am not understanding when you said that the change is about 70%. Can you please explain that?

MR DAVID ANDREAS MAREE: Chair no if you look at the heading of that specific column, the last one it says percentage change from 2007
10 to 2013 so it is 57 percent decline.

ADV REFILOE MOLEFE: Yes I thought I heard you say 75%.

MR DAVID ANDREAS MAREE: I am sorry no 57.

ADV REFILOE MOLEFE: No that is fine. There is also a second table that you provide and you set out in that table information relative to all the provinces again. Can you please explain that table to the Chair?

MR DAVID ANDREAS MAREE: Chair yes that table takes out or shows the milk production per province and the second part of that table the number of cows per producer. So if you look at the complete column or the complete table obviously South Africa would have been 100%
20 specifically related to this project again. In December 1997 the Free State Province contributed 18%, 18 to National Production of milk. That declined to February 2012 and in February 2012 it was only 10.5%. So you can see there was a significant or – ja a significant decrease of milk production in the Free State compared to provinces like the Eastern Cape and KZN, KwaZulu Natal which increased over

those – over those specific periods.

ADV REFILOE MOLEFE: Mr ...

MR DAVID ANDREAS MAREE: And the sec...

ADV REFILOE MOLEFE: Yes please continue.

MR DAVID ANDREAS MAREE: Chair the second part of that it is the number of cows in milk per producer and that is the information that dairy producers supply to Lacto Data or to the Milk Producers Organisation. The average cows in milk for the Free State was 111 and in 2012 with a median of 79.

10 **ADV REFILOE MOLEFE:** Can you explain what a median is and how one is to read that table relative to all the other columns that appear in that table?

MR DAVID ANDREAS MAREE: Chair yes – Chair yes a median is if you have a number of – of numbers you take the exact middle so that is the lower half and the upper half that would be your median. So your median would be 79 for the Free State which is substantially lower than provinces which experienced an increase in production like the Eastern Cape with 365 or KZN with 315. So you can see there is a lot of smaller producers in the Free State Province compared to the other
20 provinces.

ADV REFILOE MOLEFE: And are you able to provide any clarity on why there is such a significant decrease in both the number of milk producers with particular reference to the Free State as well as the milk production per province as appears in your second table?

MR DAVID ANDREAS MAREE: Chair yes. Dairy industry or the milk

production in South Africa followed a certain trend where production shifted from the inland provinces or the Highveld regions more to the coastal areas. One reason for that being climatic conditions. Secondly the production cost because in the Highveld you have to supply feed to the cows whereas in the coastal areas higher rainfall areas you have pasture based production. So dairy in South Africa is divided into two components. The pasture based and the total mixed ration or TMR based production systems. So TMR based that relies solely on – well not solely but mainly on maize and soya beans as feed together with
10 another couple of smaller additives while pasture based is pasteurised or pasture. So given the climatic conditions at that time that shift took place and also the economies of scale plays a major role into that shift to the coastal areas.

ADV REFILOE MOLEFE: Yes I have just noticed Mr Maree that where in the second paragraph to your background that is paragraph 1.4 of your report as appears on paginated page 14 you make reference to December 2007 and when I read that with your second table the period that you have cited there is December 1997. Which of the two is the correct dates because the table refers to 1997 whereas your second
20 paragraph refers to 2007?

MR DAVID ANDREAS MAREE: No Chair I noted that as well. It should be December 1997.

ADV REFILOE MOLEFE: In the body of your background?

MR DAVID ANDREAS MAREE: In the – ja so that is a typo.

CHAIRPERSON: At the beginning of the sentence – excuse me – is

that reference to the date at the beginning of the sentence?

MR DAVID ANDREAS MAREE: Ja Chair that is the date in the beginning of the sentence compared to the table. So it should be 1997.

CHAIRPERSON: December 1997?

MR DAVID ANDREAS MAREE: December 1997.

CHAIRPERSON: Okay.

ADV REFILOE MOLEFE: Thank you that has been noted. If we then turn over to page 15 of your report. You make a comparison of the dairy project to the trends that you have just articulated to the Chair.

10 Can you please take the Chair through this comparison that you make?

MR DAVID ANDREAS MAREE: Chair yes the only comparison that I could have drawn at this stage between the – this specific project and what was going on in the dairy industry in South Africa is the fact that they will be able to achieve economies of scale if they have that number of cows in milk. We saw the trend in South African and Dairy Industry and it is continuing as well that the dairies becoming bigger but they become less. So the bigger dairies or less farmers but more cows in milk.

20 **ADV REFILOE MOLEFE:** Yes then if we turn overleaf to page 16 of your report there you start first with your discussion of the documents that were provided to you and which you have already informed the Chair of. You then start at paragraph 2.1 of your report to discuss the project proposal. Earlier when you were making reference to the project proposal you informed the Chair that you were provided with two copies of project proposals, can you please explain that to the

Chair?

MR DAVID ANDREAS MAREE: Chair yes the copies that I received was two different ones in the – well the bodies of the copies were the same the only difference between the two was in the one and I have set that out. In the first one and I paraphrase they – Estina and Paras would supply a 500 million input into this project with government grants equal to that the 500 million meaning 100 million over five years while in the second one the amounts changed to 228 million by Estina Paras and 342 million by government. The one document was signed
10 and the other one was not signed.

ADV REFILOE MOLEFE: Can I ask you to confirm those two documents? Please turn to the paginated bundle page 30 there appears a document all the way to page 37.

MR DAVID ANDREAS MAREE: That is correct.

ADV REFILOE MOLEFE: Would that be one of the proposals you were provided with?

MR DAVID ANDREAS MAREE: That was one of the proposals that I was provided with which was not signed.

ADV REFILOE MOLEFE: Yes and if you then continue from page 38 of
20 the bundle all the way to page 46 is that the second proposal?

MR DAVID ANDREAS MAREE: That is the second proposal Chair and that was the one that was signed. There was – sorry Chair there was a – there is another difference between the one – the two documents. The second one the signed copy has a page and that would be page 45 which is not in the first document and it is very unclear. So I did not

even take note of that while compiling my report.

ADV REFILOE MOLEFE: Yes so either then those difference have you noted any other differences on the two proposals?

MR DAVID ANDREAS MAREE: Not substantial differences no Chair.

ADV REFILOE MOLEFE: And you set out in paragraph 2.1 of our report and Chair we have returned to the report as appears on page 16 where you set out the differences relative to the costing as you have indicated to the Chair.

MR DAVID ANDREAS MAREE: That is correct Chair.

10 **ADV REFILOE MOLEFE:** And can you show the Chair on the two proposals very quickly where those two differences in amounts appear?

MR DAVID ANDREAS MAREE: Most definitely Chair. The first difference would be on page – let me just get there. Page 35.

ADV REFILOE MOLEFE: Yes.

MR DAVID ANDREAS MAREE: Which is a fairly clear copy of the detailed project costing. The last two lines there which shows capital injection IP equipment etcetera. Estina Paras 500 million. Grants worth 100 million per year for five years. Department of Agriculture and Rural Development 500 million.

20 **ADV REFILOE MOLEFE:** And that is the first proposal is that correct?

MR DAVID ANDREAS MAREE: That is the first proposal, the unsigned one.

ADV REFILOE MOLEFE: Yes.

MR DAVID ANDREAS MAREE: The signed one - the second one is a very unclear copy that appears on page 43 of the - of the bundle and

there it shows:

“Capital injection of 228 million Estina/Paras and the grants of 114 million for three years amounting to 342 million.”

ADV REFILOE MOLEFE: And when you were provided with these two documents was it explained to you why you are being provided with two proposal documents with these changes or rather differences appearing on them?

MR DAVID ANDREAS MAREE: No Chair. I was not explained the
10 reason or I was not given the reasons for the differences.

ADV REFILOE MOLEFE: Now the - that is the first document that you say you considered is the project proposal. So after two documents which did you consider in your review investigation?

MR DAVID ANDREAS MAREE: Chair I focused mainly on the first one for the one for the simple reason it is was the first one in the bundle that I received.

ADV REFILOE MOLEFE: When you say the first one are you referring to ...

MR DAVID ANDREAS MAREE: The unsigned one.

20 **ADV REFILOE MOLEFE:** That is the one in our paginated pages 30 ...

MR DAVID ANDREAS MAREE: 30 ...

ADV REFILOE MOLEFE: To 37?

MR DAVID ANDREAS MAREE: That is correct. So - and - and I have made a lot of notes on that as well. So that was the easiest one. It was also much easier to read the numbers in the detailed costing

project and hence I - I focused on that. When I looked at the second document - the signed copy - I noted you know that it is actually the same document apart from that costings that differed.

ADV REFILOE MOLEFE: Yes. You then provide a table in your report at page 16 and it is entitled "Table 3". Is that correct?

MR DAVID ANDREAS MAREE: That is correct.

ADV REFILOE MOLEFE: And that table details your comments on the proposed - on the project proposal rather?

MR DAVID ANDREAS MAREE: That is correct Chair.

10 **ADV REFILOE MOLEFE:** And as I understand the structure of the table the first column reflects the specific page number of the proposal? Please confirm.

MR DAVID ANDREAS MAREE: That is correct Chair.

ADV REFILOE MOLEFE: And the second column reflects the specific content of that business proposal?

MR DAVID ANDREAS MAREE: That is correct Chair.

ADV REFILOE MOLEFE: Whereas the third column reflects your comments?

MR DAVID ANDREAS MAREE: That is correct Chair.

20 **ADV REFILOE MOLEFE:** The first aspect that you deal with is the preamble. Is that correct?

MR DAVID ANDREAS MAREE: That is correct Chair.

ADV REFILOE MOLEFE: Can you please take the Chair through your comments in that respect?

MR DAVID ANDREAS MAREE: Chair yes. If I can take you through the

comments. First of all in the preamble they claimed or the document claimed that India is the largest milk producer in the world which is true if you include buffalo milk into that calculation and I will get back to that. In Annexure 4 of my report and that would be page 28 paginated India is only the third biggest milk producing country in the world with the combined EU and United States number one and two.

ADV REFILOE MOLEFE: Can I just interject Mr Maree.

MR DAVID ANDREAS MAREE: No problem.

ADV REFILOE MOLEFE: Can you please explain what Annexure 4
10 reflects as it appears at that paginated page 28?

MR DAVID ANDREAS MAREE: Chair yes. That is the - that is the statistics. The source of that would be the FAO - the Food and Agriculture Organisation of the United Nations combined with the United States Department of Agriculture. They compile these statistics through Statista and it showed the major producers of cow milk worldwide from - for the period 2010 to 2012.

ADV REFILOE MOLEFE: Now you say in your comments that - on page 16 of the report - that India would only be the largest milk producer if buffalo milk is included.

20 **MR DAVID ANDREAS MAREE**: That is correct Chair.

ADV REFILOE MOLEFE: But for purposes of this project would buffalo milk have been relevant?

MR DAVID ANDREAS MAREE: Chair for the purposes of - of milk production in South Africa buffalo milk will not be appropriate. The buffalo milk which is being produced in India is water buffalo and must

not be confused with our African buffalos that we have in South Africa which we do not consume any milk of. So for this project this specific one you will focus on cow milk.

ADV REFILOE MOLEFE: Yes. Now that graph that appears as your Annexure 4 to your report which appears (intervenes).

CHAIRPERSON: I am sorry. Did your study give you any indication as to what kind of percentage of milk produced in India would be buffalo milk? I am asking that in the context of the statement being made in various documents in regard to this project that PRASA was or is the
10 largest milk producer I think in the world. I think that is what is being said but certainly in India.

So I wonder whether - to what extent a lot of that might relate to buffalo milk being part of what is taken into account.

MR DAVID ANDREAS MAREE: Chair I have not looked specifically into that - that percentage distribution.

CHAIRPERSON: Yes.

MR DAVID ANDREAS MAREE: For the only reason buffalo milk ...

CHAIRPERSON: *Ja.*

MR DAVID ANDREAS MAREE: Is not consumed outside of India.

20 **CHAIRPERSON:** Would not be relevant for us? *Ja.*

MR DAVID ANDREAS MAREE: Unfortunately not so.

CHAIRPERSON: *Ja.* Okay. Well - well you say - you say unfortunately.

MR DAVID ANDREAS MAREE: I say unfortunately I did not look in the - into the distribution of buffalo versus cow milk.

CHAIRPERSON: Yes, okay alright.

ADV REFILOE MOLEFE: Thank you Chair. You then in your comments to the preamble of the proposal make reference to another annexure. Is that correct?

MR DAVID ANDREAS MAREE: That is correct Chair.

ADV REFILOE MOLEFE: Can you please take the Chair through that particular annexure.

MR DAVID ANDREAS MAREE: Chair that would be Annexure 5. The second point in my - in my comments and Annexure 5 is the 20 major
10 dairy companies.

ADV REFILOE MOLEFE: Can I just confirm if you turn to page 29.

MR DAVID ANDREAS MAREE: 29 that is correct.

ADV REFILOE MOLEFE: Is that Annexure 5? Thank you.

MR DAVID ANDREAS MAREE: Annexure 5 on 29. So that is the 20 major dairy companies in 2012 and that list is sourced from the IFCN - the International Farm Comparison Network of which South Africa and various countries in the world are a member of. India as well. In that list you will only find one company listed in India and that would be GCMMF and that would be the 18th largest company and - in
20 comparison to the rest.

ADV REFILOE MOLEFE: So where I ...

CHAIRPERSON: I am sorry. I am trying to - oh there is India number 18.

MR DAVID ANDREAS MAREE: Number 18 Chair.

ADV REFILOE MOLEFE: Yes Chair.

CHAIRPERSON: So that - that is its ranking worldwide?

MR DAVID ANDREAS MAREE: Chair that is correct.

CHAIRPERSON: In - in terms of the milk it produces?

MR DAVID ANDREAS MAREE: That is correct Chair. That is - that means that GCMF would be the 18th largest - 18th largest company in the world in terms of milk production.

CHAIRPERSON: So to the extent that I may have understood some statements and some documents to suggest that ...

MR DAVID ANDREAS MAREE: Paras.

10 **CHAIRPERSON:** PRASA.

MR DAVID ANDREAS MAREE: Paras Chair.

CHAIRPERSON: Paras, Paras is the largest whether in India or more than in India on this document that cannot be true? At least in India the largest milk producer would be the company mentioned here?

MR DAVID ANDREAS MAREE: That is correct sir.

CHAIRPERSON: Yes, okay.

ADV REFILOE MOLEFE: Thank you Chair. Mr Maree do you have any idea of what ranking Paras may come at if you have ever considered that?

20 **MR DAVID ANDREAS MAREE:** Chair unfortunately not. I - I have looked and searched how big they were but could not find any information in relation to - to any of these companies. How big they were.

CHAIRPERSON: Well one would have thought that if they are as big as certain documents suggest they are it would - it should be quite easy to

find information about them.

MR DAVID ANDREAS MAREE: Chair that is correct. I would assumed that as well but I could not find any size of them in relation to - to these companies which is as a - how can I put - which is notify or noticeable companies in the dairy industry worldwide.

CHAIRPERSON: Yes, thank you.

ADV REFILOE MOLEFE: Thank you Chair. Well Mr Maree as we have it Mr Thabethe makes a proposition that he did a Google search and Paras was one of the highest if not the - in fact he says the highest
10 milk producing company in India.

MR DAVID ANDREAS MAREE: Chair I have noted that in some of the - the documents as well. I think that was only in one province of India and not in India in total. If they were bigger than GCMF they would have appeared in this list.

CHAIRPERSON: Yes. So - so your - your attitude would be that that cannot be true?

MR DAVID ANDREAS MAREE: That is correct Chair.

CHAIRPERSON: Yes, thank you.

ADV REFILOE MOLEFE: Thank you. Perhaps Mr Thabethe will provide
20 clarification. You then deal with the proposed DARD Project as ...

CHAIRPERSON: I am - I am sorry. You know this issue of Paras concerns me. A few days ago I raised the issue of whether they did actually sign the agreement that we are told they signed with Estina. It ought to be possible to obtain information about them from the High Commission of India in South Africa.

You know it ought to be possible to get as much information as possible about them if they are any significant role player in - in India. So maybe that - that should be explored.

ADV REFILOE MOLEFE: Well indeed Chair the investigators have written to the High Commission in India and I believe they are still engaging them in respect of Paras.

CHAIRPERSON: I just repeat the second sentence. You believe ...

ADV REFILOE MOLEFE: The investigators of the Commission have written to the Commission in India - the High Commission in India and
10 as far as we know as the legal team there are ongoing engagements with the Commission in India - the High Commission in India.

CHAIRPERSON: Yes. You know the - the investigators might be doing quite a good job but you know certain things just take long you know. Simple things take long. Somebody within the legal team can just be in touch with the High Commission in India and we can get information quite quickly because the - the - this Paras - this company called Paras is the pillar of the Department of Agriculture and Rural Development's justification for certain things in regard to this project you know.

If - if one does not exist or if it does exist but it is
20 significantly much less than what - in size than what we have been told. It would throw a completely different complexion on the whole thing. So may I ask the legal team please not to just let the investigators - wait for the investigators but to get involved themselves in getting information.

ADV REFILOE MOLEFE: Indeed so Chair. We will do likewise.

CHAIRPERSON: *Ja.* Thank you.

ADV REFILOE MOLEFE: Thank you Chair. Mr Maree you then deal with the proposed flagship project aspect in the project proposal?

MR DAVID ANDREAS MAREE: That is correct Chair.

ADV REFILOE MOLEFE: And what is your comment in that respect?

MR DAVID ANDREAS MAREE: Chair on paper it looks like a very good project. Indeed a flagship project but my concern or my comment on that was in the penultimate bullet on - on that page and that would be page 30 ...

10 **CHAIRPERSON:** Okay. On what page are we now?

MR DAVID ANDREAS MAREE: On page 33 Chair.

CHAIRPERSON: Page 3?

MR DAVID ANDREAS MAREE: 33.

CHAIRPERSON: 33.

ADV REFILOE MOLEFE: Page 33.

MR DAVID ANDREAS MAREE: *Ja.* There - there is mention made of milk processing - processing equipment. That is the second last bullet.

20 “Milk processing equipment needed for pasteurising cold storage, yoghurt etcetera as well as distribution vehicles.”

It does not make any comment of what type of processing equipment. Would it be normal batch pasteurising equipment or UHT milk processing equipment. So from that - from that sentence it is fairly unclear.

ADV REFILOE MOLEFE: Yes and you state in your comment there that

the UHT milk production although in costing a UHT plant is budgeted for at a substantial cost. Is that correct?

MR DAVID ANDREAS MAREE: That is correct Chair. Later in - in one of the other documents the business plan or the feasibility study they have budgeted for UHT pasteurises at a - at a fairly substantial cost and I cover that in those comments as well.

ADV REFILOE MOLEFE: Yes before we move onto the costing are you drawing a distinction between UHT milk and pasteurised milk?

MR DAVID ANDREAS MAREE: Yes. There is a - there is quite a
10 difference. UHT milk is what we know in common language as - as box milk. The ones that you buy off the shelf. That is pasteurised at Ultra High Temperatures - from there the UHT. So it is above 100° for a short period of time while normal pasteurisation is at roundabout 70° but for a longer period of time.

So your shelf life for UHT milk is much longer than normal pasteurised milk which makes it also more expensive to do UHT milk and normal pasteurisation.

ADV REFILOE MOLEFE: Yes and you continue in your ...

CHAIRPERSON: I see we are at one minute past five. We can do one
20 of two things. We can stop now and adjourn and continue next time or we can go up to quarter past to make sure we have done an hour. I am - I am easy.

ADV REFILOE MOLEFE: Chair we are on - we in your hands. Whichever works for you and the witness?

CHAIRPERSON: Ja. Maybe shall we go up to quarter past? Is that

fine?

MR DAVID ANDREAS MAREE: That is fine with - fine with me Chair. I have ...

CHAIRPERSON: Thank you. Okay. Let us go up to quarter past and then adjourn.

ADV REFILOE MOLEFE: Thank you Chair.

CHAIRPERSON: Okay.

ADV REFILOE MOLEFE: Yes. Mr Maree you then deal with the third aspect of the project proposal and you refer to it in your table at page
10 16 as second paragraph and you make reference to page 5 of the project proposal which appears at the paginated page 34. Is that correct?

MR DAVID ANDREAS MAREE: That is correct Chair.

ADV REFILOE MOLEFE: And what was your analysis in that respect?

MR DAVID ANDREAS MAREE: Chair they have commented in the - in - on page 34 that:

20 “In the short term milk will be procured from local farmers and then processed in-house. This operation will then gradually be expanded to include the in-house rearing of milk and cows.”

My comment on that was it raises concern to me because the availability of milk from local producers is actually declining. The number of milk dairy producers or milk farmers especially in the Free State is declining. So how can you match the two and say you are going to buy from the local farmers if there is no local farmers still in

busy anymore.

CHAIRPERSON: But also and I do not know if it is something you - you deal with in the report. If the number of milk producers in the Free State had gone down over the years the way it had gone down if you wanted to start a dairy business you would interrogate that to say why is the number of milk producers going down in this province - in this area.

10 About X number of years ago there were about - for argument sake - 20 milk producers. Now there are only five because you would want to know whether you are not going to suffer the same fate and - and you would want to interrogate that and see what caused those businesses to disappear. Do you have a solution to whatever the problem was?

MR DAVID ANDREAS MAREE: Chair yes. That - that was actually one of my overarching and - and final comments on - on all of these documents is specifically the fact that you have mentioned just now that the decline in the number of dairy producers. If I was an - an investor I would have invested in a province where milk production is on the increase.

20 **CHAIRPERSON:** Yes.

MR DAVID ANDREAS MAREE: And not on - on the decrease.

CHAIRPERSON: Yes.

MR DAVID ANDREAS MAREE: So definitely I would have looked - looked into that.

CHAIRPERSON: Yes, yes thank you.

ADV REFILOE MOLEFE: Well then can I refer you back to page 15 of the report? There where you have drawn a similarity between the project and the current trend as you refer to it then in the dairy industry and you say that:

“Producers are getting bigger to achieve economies of scale.”

Is one able to reconcile that with what is intended in the second proposal - the second paragraph rather that you have just dealt with in relation to short term milk being procured from local farmers?

10 **MR DAVID ANDREAS MAREE:** Chair it is possible to - to reconcile that if you achieve economies of scale from the outset but to build that up over time it first of all takes a long time to build up a dairy herd and secondly you know if there is less smaller producers around you it will become difficult for you to - to increase your - your production as well.

So it is - there is a possibility but then you have to take other things to account as to buy in a lot of cows and I cover that later in that report as well.

ADV REFILOE MOLEFE: Yes and what would be the impact insofar as costing in line with the approach that they sought to pursue in that
20 second paragraph that you have taken the Chair through?

MR DAVID ANDREAS MAREE: That - that would be the paragraph on page 34 then?

ADV REFILOE MOLEFE: Yes on page - pardon me while I find that page. That is page - I have it as page 33. No, no it is actually page 34. Thank you for that.

MR DAVID ANDREAS MAREE: Okay, ja.

ADV REFILOE MOLEFE: Page 34 that you have just dealt with.

MR DAVID ANDREAS MAREE: So Chair the costing - there will be a - a fair difference between the costing because you have to buy in the milk there at a market related price. Obviously you know with close proximity to your own processing plant or dairy you will probably have paid a premium for that milk because your - your transport cost will be less.

The further away you are the less or you can negotiate a
10 lower price to - to take the transport into account. So obviously that will also take - has to be taken into account when you draw up your cash for and your - your project costing to buy that from your local producers around you and I - sorry Chair just to add to that - if I remember correctly I could not see - see any of that in any of the - the documentation that was received.

ADV REFILOE MOLEFE: And - thank you for that. You then continue to set out your investigation outcome on the project proposal. On page 16 - if you return to that page - the fourth item that you address yourself to is what is described there in the content as table one?

20 **MR DAVID ANDREAS MAREE:** That is correct.

ADV REFILOE MOLEFE: And that relates to employment opportunities?

MR DAVID ANDREAS MAREE: Chair that is correct yes.

ADV REFILOE MOLEFE: Can you please explain that?

MR DAVID ANDREAS MAREE: Chair they have noted employment

opportunities in that table and it is the last line of six ...

ADV REFILOE MOLEFE: When you say the last are we on page ...?

MR DAVID ANDREAS MAREE: Sorry, apologies. Last line on page 34.

ADV REFILOE MOLEFE: Thank you.

MR DAVID ANDREAS MAREE: They have noted employment opportunities of 600 people. Now with dairy - dairy farms or milk farms getting more recognised and bigger the less opportunities or job creation opportunities exist. So there is limited opportunities in - in those areas. For a dairy of that magnitude let us say in this case we
10 take the 500 cows in milk scenario.

A - a workforce of 50 would already have been big enough. So I think they have overstated the employment opportunities in that paragraph.

ADV REFILOE MOLEFE: Yes and if we still stay on page 34 at that table. There are other items that are listed there which you do not deal with in your report.

CHAIRPERSON: I am - I am sorry. You know there is a huge difference between 50 and 600. Is there any chance that 600 is - was a mistake made in good faith?

20 **MR DAVID ANDREAS MAREE:** Chair I suppose that is possible that it can be a typing error or - or perhaps ...

CHAIRPERSON: No Mr Maree.

MR DAVID ANDREAS MAREE: Or perhaps there can also be overstate or - or include if they envisage to buy from the local dairy farmers. They could have included that employment opportunities into that as

well.

CHAIRPERSON: No but you have just said on the basis I think you said of 500 head of - of cows - 500 of cows. 50 would be a big enough number.

MR DAVID ANDREAS MAREE: That is correct sir.

CHAIRPERSON: If therefore 500 cows talk about 600. That is too huge. I mean if they talked about 100 that would be double your estimate.

MR DAVID ANDREAS MAREE: That is correct Chair.

10 **CHAIRPERSON:** So how can 600 be - be anything other than a result of either complete ignorance of what is involved and therefore incompetence or just a deliberate misstatement of facts?

MR DAVID ANDREAS MAREE: Chair I agree. It can - it can be either of those. I think if you look - and hindsight is exact size - if you look at the project proposal now again that would possibly be an overstatement to achieve certain objectives.

CHAIRPERSON: I mean if we - if I am looking for people who are going to sweep this floor you know and I - I say I need 1 000 people. Obviously you do not need 1 000 to sweep this floor and actually you
20 do not need - need even 50.

MR DAVID ANDREAS MAREE: Hm.

CHAIRPERSON: So if I come up with 1 000 there must be something else.

MR DAVID ANDREAS MAREE: That is ...

CHAIRPERSON: It cannot be good faith.

MR DAVID ANDREAS MAREE: Hm.

CHAIRPERSON: Unless - well it can be good faith if I really know nothing about sweeping.

MR DAVID ANDREAS MAREE: That is - that is also true sir.

CHAIRPERSON: *Ja.*

MR DAVID ANDREAS MAREE: *Ja.*

CHAIRPERSON: Either I completely know nothing about this and therefore I am just coming up with some figure or if I know something about - about sweeping. Then I am deliberately miss - misstating the
10 numbers.

MR DAVID ANDREAS MAREE: Misstating the numbers. That is - that is also a possibility Chair and ...

CHAIRPERSON: So but ...

MR DAVID ANDREAS MAREE: And perhaps ...

CHAIRPERSON: On - on reflection what would be your take in terms of how anybody could come up with 600 in - for this - in this circumstances?

MR DAVID ANDREAS MAREE: Chair if I look at some of the other numbers in the - in the project costings and - and business plans I
20 think it might be a complete - I will not say complete - but a - a *ja* let us say complete lack of knowledge of the dairy industry in this case.

CHAIRPERSON: Okay, thank you.

ADV REFILOE MOLEFE: Thank you. Well Mr Maree what is interesting is very recently the Commission went to - to the farm and the management there confirmed that there were about 41 employees who

were currently employed there and that would be much closer to 50 than 600.

MR DAVID ANDREAS MAREE: That is correct Chair, *ja*.

CHAIRPERSON: So, *ja*.

ADV REFILOE MOLEFE: So it did - it is more than - possibly more than just a mistake but hopefully someone will - will speak to that number. Chair I note that it is quarter past five. Would this be a convenient time to adjourn?

CHAIRPERSON: Yes okay. We will adjourn now Mr Maree.

10 **MR DAVID ANDREAS MAREE:** Thank you Chair.

CHAIRPERSON: We are not sitting for the next two weeks. So there will be no hearings. We will be back on the Monday of third week. Is that when Mr Maree should come back?

ADV REFILOE MOLEFE: Yes please Chair.

CHAIRPERSON: Yes. Do you know what the date will - will be?

ADV REFILOE MOLEFE: It will be 12 August.

CHAIRPERSON: 12 August?

ADV REFILOE MOLEFE: Yes Chair.

20 **CHAIRPERSON:** So if you could come back on 12 August. It will be on a Monday.

MR DAVID ANDREAS MAREE: I will do so.

CHAIRPERSON: Yes. I think that will be all. Is there anything else?

ADV REFILOE MOLEFE: Yes Chair. We - we request to please start at half past nine on 12 August as we have a number of witnesses for that day.

CHAIRPERSON: How many witnesses do you have on that day?

ADV REFILOE MOLEFE: It is three in total Chair.

CHAIRPERSON: Three including Mr Maree?

ADV REFILOE MOLEFE: Yes Chair.

CHAIRPERSON: I am hesitant to fix half past nine two weeks in advance. What if we - if we started at 10 but we could go beyond four. Would that be fine with you?

ADV REFILOE MOLEFE: That is also fine. Thank you Chair.

CHAIRPERSON: Yes. So let us leave it at 10 but then we could go up
10 to five and if need be even beyond that.

ADV REFILOE MOLEFE: Thank you Chair.

CHAIRPERSON: *Ja.* Okay. We will then adjourn the proceedings for the day. We adjourn.

REGISTRAR: All rise.

INQUIRY ADJOURNS TO 12 AUGUST 2019