

**COMMISSION OF INQUIRY INTO STATE CAPTURE**

**HELD AT**

**PARKTOWN, JOHANNESBURG**

10

**29 OCTOBER 2019**

**DAY 184**

20

**PROCEEDINGS RESUME ON 29 OCTOBER 2019**

**CHAIRPERSON:** Good morning Ms Hofmeyr, good morning everybody.

**ADV HOFMEYR:** Good morning Chair.

**CHAIRPERSON:** Yes are we ready?

**ADV HOFMEYR:** We are indeed Chairperson. We are today commencing a week of evidence in relation to the New Age as you indicated at the conclusion of yesterday's proceedings.

**CHAIRPERSON:** Yes.

**ADV HOFMEYR:** Chair with your leave I propose to do a few things in  
10 introduction this morning.

**CHAIRPERSON:** Yes.

**ADV HOFMEYR:** Before I hand over to my learned friend Mr Mbikiwa who will be presenting the evidence of the first witness.

**CHAIRPERSON:** Yes.

**ADV HOFMEYR:** Chair those matters are – are really to locate the evidence of this week in the previous evidence.

**CHAIRPERSON:** Hm.

**ADV HOFMEYR:** That has been received by the commission. It is then to deal with certain procedural aspects that need to be addressed  
20 before we commence the evidence and then in conclusion to highlight some of the key questions that we submit are going to navigate the evidence in the course of this week. So if I may with your leave do that?

**CHAIRPERSON:** Yes please do that.

**ADV HOFMEYR:** Thank you so much. Chair the New Age newspaper

was launched towards the end of 2010 and we have received evidence on that already in the commission. And as a new newspaper on the market it was looking for subscriptions and advertising spend.

It also entered into an arrangement with the SABC to conduct what became as known as business breakfasts which would then be broadcast on SABC 2 on the Morning Live show. And you have also heard evidence about that arrangement in the SABC evidence.

The backdrop to the evidence that you will hear today also includes the evidence of Mr Maseko who you will recall right at the  
10 beginning of the commission's hearings gave evidence that towards the end of 2010 he was approached by Mr Atul Gupta asked for a meeting and on the day of the scheduled meeting Mr Maseko's evidence was that he was contacted by the former President Mr Zuma who indicated to him that the Gupta's wanted to meet with him and that they needed help and that he should assist them.

Mr Maseko's evidence was that he attended that meeting and during the meeting he was informed by Mr Gupta that the Gupta's wanted the R600 million advertising spend of GCIS the Government Communication and Information Service to be directed to the New Age  
20 and he was further told at a later meeting that if he was not to oblige he could be dealt with.

Mr Maseko's evidence was that he refused the instruction and that in February 2011 he was transferred out of GCIS.

We have also heard evidence in the commission Chair of Mr Gilliland. He was one of the early witnesses who is an employee of

National Treasury. And what he had done for the commission was tracked all of the payments that occurred on the BASS system which is the repository of National and Provincial Government spend within the country.

And he tracked for the commission payments by National and Provincial Governments to the TNA. The upshot of that evidence just to remind ourselves was that between 2011 and 2018 there had been a total of R248 million spent by National and Provincial Governments with the TNA.

10 And of that R248 million R94 million was paid by National Government various departments within National Government and the remainder was paid by the Provinces. And the highest ranking spend amongst the Provinces were as follows:

The Free State spent over that period R75 million with the TNA. KwaZulu Natal spent R24 million and the North West spent R22 million. So that was a capturing of the extent of the spend within National and Provincial Government with the TNA over the period 2011 to 2018.

Chair the commission has also heard the evidence of Mr  
20 Manye. Now Mr Manye was the person who was moved into GCIS after Mr Maseko was transferred out to DPSA. And Mr Manye's evidence was to support the GCIS spend with the TNA.

And you will recall Chair that he did so on a few grounds. Amongst them were the following:

He indicated that the positive editorial stance of the TNA was

something that was attractive for government advertising spend.

He also listed the provincial reach of the TNA as being a particular aspect of what would justify spend with the TNA.

And then he also indicated that it was not the most expensive of the newspapers in which advertisements could be placed.

And off the back of that his evidence before this commission was that there was justification in spending with the TNA.

Chair Term of Reference 1.6 of this Commission's Terms of Reference requires the commission to determine amongst other things  
10 whether there were any irregularities, undue enrichment, corruption or undue influence in the awarding of contracts and advertising spend with the New Age. It is a specific Term of Reference and it is for that reason that there have been further detailed investigations undertaken in relation to TNA.

The focus of this weeks' evidence is going to be to move to the state owned enterprises themselves and to look at the extent to which they contracted with TNA and the extent of their spend on various aspects of the TNA offering which included advertising in the newspaper, subscriptions for the newspaper and then support of the  
20 business breakfasts which was amongst the field of opportunities that the TNA offered to state owned enterprises as well as departments.

Chair the investigation has been taken – undertaken alongside existing investigations that have occurred and which we draw to your attention this morning in order simply to preface where those investigations went and landed and where the investigations of the

commission have taken the evidence further.

Chair the first of those is the Portfolio Committee on Public Enterprises. You will recall conducted its hearings into state capture in 2017 and 2018 and in November of last year produced their report.

**CHAIRPERSON:** Yes, yes. I remember.

**ADV HOFMEYR:** Chair that committee looked at one of the key Eskom contracts that was concluded with the TNA. They looked at some broader aspects but their particular focus was the third of the contracts that was entered into in 2014 between Eskom and TNA in the order of  
10 R43.2 million. And Chair a number of findings were made in relation to that which I will come to in a moment.

The second investigation that we have uncovered that also occurred around this issue is an investigation by the Public Protector in 2013, 2014 and 2015 which arose from a complaint alleging a concern insofar as there was what appeared to be millions of rands of both Department spend as well as SOE spend on TNA since its beginnings in 2010. And the essence of the concern was at that point in time TNA had no accredited circulation figures and no verifiable readership.

And so the investigation that the Public Protector undertook  
20 was to engage with the DPE and the various SOE's who had spent monies of advertising budgets with the TNA to understand on what basis that spend was justified against a complaint that said there is no verifiable circulation or readership for this newspaper why are millions of public funds nonetheless being directed to this entity?

Chair we have been informed that that investigation of the

Public Protector was actually never completed. There was never a final report issued on it. Albeit that there are one or two references to the TNA and the eventual state capture report which is the basis for the formation of this commission but that specific investigation did not produce a final report.

Nonetheless there was important interaction between the Public Protector's office, the Ministry as well as in particular Eskom and Transnet which we believe is important to put to the witnesses in the course of this week because it – it was a warning from Chapter 9  
10 Institution at the time that they were contracting with the TNA about the justification for that contracting and the value for money that may or may not be received. And so we will be putting those parts of interaction with the Public Protector to witnesses.

Chair in summary the focus of the evidence will be on the Eskom and the Transnet contracts with TNA. The reason for that is that you have already heard SABC evidence on its arrangements with TNA.

There are some further aspects of that evidence which I understand will be presented in a later session of the SABC evidence. So we will not traverse that this week.

20 You have also heard evidence from SAA about its spend with TNA and so again we do not traverse that. The focus will be particularly on Eskom and Transnet.

And just in summary the evidence of this week will show that insofar as Eskom is concerned the total spend of Eskom over the period 2011 to 2017 was in the order of R59.6 million.

It was broken down into three contracts. The big one, the third one was the one I have mentioned previously. It was a contract for R43.2 million and then the remainder is made up by subscription agreements with the TNA.

Insofar as Transnet is concerned the total spend over the period is in the order of R147 million and that comprised both support for the business breakfasts that were flited on SABC as well as advertising spend. And the evidence will take you through those various amounts that were committed.

10           Chair I indicated that the Portfolio Committee had made certain findings. And I indicated that what we propose to do this week is take some of those findings further.

I would like to highlight what the three pertinent findings of the committee were. Chair the bundles contain all of the relevant documents – we will take you to them in the course of the evidence.

But just in summary at the outset the Portfolio Committee found in its November 2018 report that given the limited circulation of TNA it did not seem clear why Eskom would direct so much advertising spend to it. We propose to deal with that aspect with the evidence of  
20   current and former employees of Eskom neither of whom gave evidence before the Portfolio Committee in order to explore further what could have justified this spend and whether there was value for money when Eskom made the determination to enter into these agreements.

The second finding of the Portfolio Committee was that Mr Collin Matjila who was then the interim Chief Executive of Eskom had



acted improperly in awarding the contract of R43.2 million to TNA in 2014 and despite that there were no disciplinary consequences for Mr Matjila and there was no shareholder follow up in relation to his conduct which lawyers at the time had determined to be evidence of financial misconduct as that term is understood in the PFMA.

We intend to probe that aspect further with former board members of Eskom in relation to their decision making at the time and probe with them why no further steps were taken in relation to this irregular expenditure.

10           And then third and related to that the Portfolio Committee found that it was unclear why the board of Eskom which was appointed at the end of December 2014 ratified that R43 million contract with TNA and they found that it – they could not understand how that ratification decision could be justified.

Chair in the course of this week we will receive evidence from the former Chair of the Eskom board at the relevant time as well as one other board member. And those aspects will be probed with them.

Chair in relation to Mr Matjila there have been efforts made to contact Mr Matjila over the last number of weeks by the commission in  
20   order to have an opportunity to meet with him in advance of this week's evidence and indeed to have him present evidence.

Those efforts have not met with success. They have included telephonic attempts to engage him on all available public numbers associated with him as well as emails to the last known address for Mr Matjila. But no response has been received as yet.

Chair it is our hope that possibly with the publicity of today's proceedings Mr Matjila may well come to – if he has not already understand that this evidence is being presented to the commission and we hope would voluntarily engage us so that we can engage with him further.

If that does not take place Chair we suggest that maybe an appropriate case for a Regulation 10.6 Directive at the conclusion of the evidence this week or indeed a summons in due course. But Mr Matjila is certainly implicated in the Portfolio Committee's findings as  
10 well as in the evidence that you will hear in the course of this week.

And so it would be in the interests of the commission for his version of events to be placed before it.

**CHAIRPERSON:** Did he testify before the Portfolio Committee?

**ADV HOFMEYR:** No.

**CHAIRPERSON:** Ja. And is there anything that suggests that he was invited and maybe they also experienced the same problems.

**ADV HOFMEYR:** There is a list of persons invited we will take you to that. He is not included in that list.

**CHAIRPERSON:** Oh okay. Okay.

20 **ADV HOFMEYR:** And that was part of the reason for our efforts to – to engage him further.

**CHAIRPERSON:** Okay.

**ADV HOFMEYR:** Chair once we probe those aspects that the Portfolio Committee left open we do Eskom first we will then move to Transnet and interrogate its justification for the R147 million spend with TNA

over the period.

And the evidence there will include two current Transnet employees as well as the former Chair of the Board at the relevant time.

Chair there is one caveat that I need to state up front about the evidence of some of the witnesses and this relates particularly to the witnesses who were former members of the boards of Eskom and Transnet.

Chair the focus of this week's evidence will be on the TNA  
10 contracts. But a number of these witnesses have knowledge and information and insight that spans beyond the topic that will be addressed in the course of this week.

We intend to probe the matters related to TNA and matters flowing from those aspects. But it may well be that those witnesses will be asked to return in due course as the other aspects of their knowledge and insight become relevant in the other work streams and when they present their second phases of evidence.

So it is just important that it not be understood that...

**CHAIRPERSON:** Yes.

20 **ADV HOFMEYR:** The questions that are being advanced this week are the sum total.

**CHAIRPERSON:** Hm.

**ADV HOFMEYR:** Of the questions that may be relevant to the information that these particular witnesses may have.

**CHAIRPERSON:** Okay. No that is fine.

**ADV HOFMEYR:** Chair if I can then move just to the procedural aspects so that I can give you an update on what has preceded the evidence of this week.

We will receive the evidence of seven witnesses over the course of the next four days. All of those witnesses have been summoned to appear and we are indebted to them for being here and for engaging with us in advance.

Insofar as Rule 3.3's are concerned 36 Rule 3.3 Notices were issued in relation to the evidence and of those 36 32 received more  
10 than the 14 days' notice that is referred to in the Rules of the Commission.

The remaining 4 – of the remaining 4 3 received 13 days' notice and 1 received 6 days' notice. The reason for the shorter notice in relation to the last is it was a notice that had to go to the liquidators of TNA. It was provisionally liquidated I think as early as 2018 and it took some time to be able to identify the liquidators but that has been successfully dispatched 6 days ago.

Chair it is also important just to note that all of the former Eskom board members who were board members in early 2015 have  
20 been given notice in terms of Rule 3.3 As well as Mr – for Minister Gigaba.

Chair it is important that I then place on record what responses have been received to date by those various implicated persons.

If I can begin with Mr Gigaba. Mr Gigaba was implicated or

may be implicated in the evidence of Mr Pretorius from whom we will receive evidence today as well as Mr Mkhwanazi who will be attending towards the end of the week.

Mr Gigaba has responded to that notice but not with an application to cross-examine either of the witnesses. What he has done is he has put forward to the commission his version in response to their evidence and he has asked that that version be placed before the commission.

10 With your leave Chair it is our intention to put to the very witnesses to whom Mr Gigaba is responding his version so that they will have an opportunity to respond thereto.

**CHAIRPERSON:** Yes that is in order.

**ADV HOFMEYR:** The second response is from Ms Mabude who is one of the former Eskom board members. Ms Mabude has not applied to cross-examine a witness but her lawyers have indicated that she is currently indisposed as a consequence of an operation. They have not as a consequence been in a position to take detailed instructions from her and so she has indicated a request to reserve her position until she is able to engage with them more closely and after the course of the  
20 evidence this week.

We have also received a response from Doctor Naidoo who is also a former Eskom board member. He again is not applying to cross-examine any witness but has provided the commission with an affidavit and again with your leave where necessary we propose to put his version to the relevant witnesses.

A similar position obtains with Ms Klein who is also a former board member. Ms Klein is one of the former board members who did give evidence to the Portfolio Committee and so what she has done is in response provided us with her statement to the Portfolio Committee. She is not applying to cross-examine any of the witnesses but she does want her statement to be placed before the commission. She has also provided a copy of a particular board minute which is relevant to her statement but which was already in the commission's possession and which we intend to traverse with the witnesses.

10 Ms Klein makes two further requests. She requests that she be notified if she is implicated in any way in the evidence this week beyond what is contained in the statement of Mr Tsotsi who was the evidence – who was the witness in respect of whom she received the Rule 3.3 Notice. And she has also requested to be notified if there were to be any adverse finding made in relation to her in advance of that becoming a final finding of the commission so that she might be given an opportunity to make representations.

Chair as a legal team we see no difficulty with those processes but we draw to your attention her requests in that regard.

20 **CHAIRPERSON**: Well the one about findings.

**ADV HOFMEYR**: Hm.

**CHAIRPERSON**: Does not – I think what she should be told.

**ADV HOFMEYR**: Yes.

**CHAIRPERSON**: Is that she would need to make sure that closer to the completion of the hearing of evidence of the commission she makes

that request afresh because it may – it may be that I would not be inclined to tell people in advance.

**ADV HOFMEYR**: Indeed.

**CHAIRPERSON**: What I am going to find against them or in their favour.

**ADV HOFMEYR**: Hm.

**CHAIRPERSON**: But what I might do is give them an opportunity to make submissions on any possible findings that may be made.

**ADV HOFMEYR**: Indeed.

10 **CHAIRPERSON**: And – so they may be used to how as I understand it the previous Public Protector I do not know whether the present one also does things.

**ADV HOFMEYR**: Yes.

**CHAIRPERSON**: But I do not want anybody to necessarily think we would first give them findings in advance and say tell us what you have to say. The inclination may be make submissions on any possible findings and then findings are made on the basis that people have been heard.

**ADV HOFMEYR**: Indeed.

20 **CHAIRPERSON**: You know as long as people have been heard I do not think that there should necessarily be any obligation going beyond that.

**ADV HOFMEYR**: Indeed.

**CHAIRPERSON**: So – but we will allow people if they want to make representations on that at a later stage.

**ADV HOFMEYR**: Thank you Chair we will make a particular note to

communicate with her lawyers.

**CHAIRPERSON:** Yes. Yes.

**ADV HOFMEYR:** In relation to your indication just now.

**CHAIRPERSON:** Ja.

**ADV HOFMEYR:** Chair the last response that we have received is from another former board member of Eskom Mr Kariem. She indicates that she is still considering her position. She requested yesterday a series of documents to be made available to her and that was done. But there is no at this stage application to cross-examine or a version yet from  
10 Ms Kariem. She will no doubt update us in due course and we will alert the Chair to any further responses from other former board members.

Chair those are the procedural aspects of the way. If I may then just conclude with – what we submit are the five main questions that the evidence over the course of this week will seek to probe.

Chair the first of those is why executives of state owned enterprises directed millions of rands of their media and advertising budgets to the TNA when it had no accredited circulation and no verified readership.

The second is what if any proper value for money analysis was  
20 done by the state owned enterprises before they committed millions of rands to the TNA.

The third is whether – is where there were proper processes within the state owned enterprises to regulate media advertising sponsorships and subscriptions to what extent may it be held or found that the arrangements with TNA were irregular because they flouted



those processes.

The fourth is what is the role of non-executive board members of the boards of SOE's in relation to the spend of those SOE's and in particular in this case what is their duty when irregular expenditure is identified where auditors are seeking to report on it? What obligations do those boards have in the face of such irregular expenditure?

And finally what is the role of the shareholder when financial misconduct occurs within a SOE?

Chair we submit that these questions are all relevant  
10 potentially to the recommendations that you may consider making at the conclusion of the evidence.

Thank you Chair. And with that background in place if I may hand over to Mr Mbikiwa who will lead the evidence of Mr Pretorius.

**CHAIRPERSON:** Thank you Ms Hofmeyr.

**ADV MBIKIWA:** Good morning Chair.

**CHAIRPERSON:** Good morning Mr Mbikiwa.

**ADV MBIKIWA:** Chair I intend to go straight into Mr Pretorius' evidence so with your leave he may be sworn in.

**CHAIRPERSON:** Please administer the oath or affirmation?

20 **REGISTRAR:** Please state your full names for the record?

**MR PRETORIUS:** Pieter Johannes Pretorius.

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

**MR PRETORIUS:** No.

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

**MR PRETORIUS:** I do.

**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.

**MR PRETORIUS:** So help me God.

**ADV MBIKIWA:** Thank you.

**MR PRETORIUS:** Thank you. You may proceed.

**ADV MBIKIWA:** Thank you Chair. Mr Pretorius just to assist you to get your bearings there are a number of files around you. The files – Chair  
10 may we enter into the record as Exhibit MM1a and MM1b the statement of Mr Pretorius and its annexures?

**CHAIRPERSON:** Ja. The lever arch file containing the statement or affidavit of Mr Pieter Johannes Pretorius and annexures will be marked Exhibit MM1a and the other lever arch file that has got further annexures relating to Mr Pretorius' statement will be marked Exhibit MM1b.

**ADV MBIKIWA:** Thank you Chair.

**CHAIRPERSON:** Thank you.

**ADV MBIKIWA:** Chair during the course of Mr Pretorius' evidence I do  
20 intend to refer him to the affidavits and annexures of the other witnesses we will hear during the course of the week. Would it be convenient if we could enter in their affidavits at this stage as well as Exhibits?

**CHAIRPERSON:** Is it though the implicated persons? Which affidavits are those?

**ADV MBIKIWA:** No Chair it is the witnesses who will be appearing during the course of the week and the...

**CHAIRPERSON:** Well you...

**ADV MBIKIWA:** And the documents in their bundles I will be referring Mr Pretorius to.

**CHAIRPERSON:** You may refer without us admitting those, we will do that as and when the witnesses come.

**ADV MBIKIWA:** Thank you Chair.

**CHAIRPERSON:** You may refer – you may tell the witness that there is  
10 an affidavit by so and so who says the following. Okay.

**ADV MBIKIWA:** Thank you Chair.

**CHAIRPERSON:** Alright.

**ADV MBIKIWA:** Mr Pretorius you have provided a signed statement to the Commission. That begins at page 1 of File MM1A and it ends at page 30 of that file. Its annexures then run from page 31 all the way to page 751 in MM1B. Can you have a look at the statement and confirm that that is the statement that you provided to the Commission?

**MR PRETORIUS:** Yes. Indeed it is.

**ADV MBIKIWA:** And can you go to page 30 and confirm that it is your  
20 signature that appears there?

**MR PRETORIUS:** Yes. It is.

**ADV MBIKIWA:** Thank you and can you confirm that the contents of that statement are true?

**MR PRETORIUS:** I can. Yes.

**ADV MBIKIWA:** Thanks. Mr Pretorius are there - at the outset are

there any corrections that you - that you wish to make to that statement.

**MR PRETORIUS:** No sir.

**ADV MBIKIWA:** Okay. Mr Pretorius to start can you tell us what your qualifications are?

**MR PRETORIUS:** I have a BA Communication Degree in - from the University of the North West and an Honours Degree in Journalism and Public Relations and a Post - Post Graduate Diploma in Marketing.

**ADV MBIKIWA:** And what is your employment history?

10 **MR PRETORIUS:** I have been employed at Eskom for the last 31 years.

**CHAIRPERSON:** Sorry. Mr Pretorius please just raise your voice a little bit ...

**MR PRETORIUS:** Sir my apologies.

**CHAIRPERSON:** Or - or bring the mic closer. *Ja.* Okay.

**MR PRETORIUS:** Is that better Chair?

**CHAIRPERSON:** That is much better.

**MR PRETORIUS:** My apologies. I have been employed with Eskom for the past 31 years in various roles.

20 **ADV MBIKIWA:** Can you - can you take us through the roles that you held at Eskom?

**MR PRETORIUS:** So my first position was I was appointed as a non-technical instructor. So in the training department of Matla Power Station. Nine months later I was promoted to the communication office. A position at the power station as it became vacant.

From there I was appointed as the Communication Advisor to

the then Group Executive for Generation Mr Johan Van Der Berg and from there I was - I moved over to Corporate in the role of the Public Relations Manager for Eskom and then I applied for the position of the Head of Marketing and was successful and that is the position that I currently hold.

**ADV MBIKIWA:** Okay and you - you say in your affidavit that you are responsible for strategic marketing?

**MR PRETORIUS:** Strategic marketing. Yes.

**ADV MBIKIWA:** Can you explain to the Commission what strategic  
10 marketing is and how that differs from marketing?

**MR PRETORIUS:** So strategic marketing is specific - specifically aimed at specific business problem or a cause. So in - easy to explain for us is - is Eskom. We had some power constraints and an energy efficiency campaign would then be a cause. So it is not necessarily to generate more - more sales which is the other side of marketing that is marketing and sales.

So Nestle would generate sales on a specific product. So the sales team will have targets. The marketing team will support them. Cause or market - strategic marketing is purely about a business  
20 problem that exists within the organisation that is solved not only necessarily by marketing but also with some technical aspects.

So in energy efficiency it was marketing campaign as well as the light bulb exchange program that we had. The geyser blanket program that we had. The solar water geysers that we installed and so on. So there is a - a product component to it - a technical component

as well as a marketing component.

**ADV MBIKIWA:** Now Mr Pretorius as you know the - the subject matter of today's evidence is predominantly the relationship between Eskom and - and The New Age. Before we get there though I would like to - to spend some time for you to assist the Commission to understand what the processes were that existed within Eskom in relation to advertising and - and sponsorship agreements.

You - you say at paragraph 9 of your statement on page 3 that Eskom uses agencies for its strategic marketing. In - in what  
10 circumstances would - would Eskom use an agency?

**MR PRETORIUS:** Eskom would employ five agencies generally. So you will have a creative agency. You will have a media buying agency. You will have two PR agencies. Of late we will have a digital agency that looks at the social media side of - so the - these agencies are appointed as agents at large. That may enter into secondary agreements on behalf of Eskom and then invoice Eskom and Eskom would - would pay them.

**ADV MBIKIWA:** And - and how are they appointed?

**MR PRETORIUS:** It is through a commercial process. I open a  
20 commercial process. So at this particular time we were still advertising. So we would advertise in the newspapers. On the website and so on and then the age - the agencies then obviously do their submissions and those submissions are then evaluated in terms of Eskom's BEE requirements and the successful candidates are then provided to the technical team who then evaluates individually in a

room that is no - nothing else is allowed in there except the individual.

So that there could be no communication between the individual and any possible supplier. So they will do the evaluation and once the evaluation is done. The shortlisted agencies are then invited to do a pitch presentation. So they will present their credentials. Their former case studies and then that would be scored and all the scores will then be added up and then the PPPFA since it was signed into law would be applied.

**ADV MBIKIWA:** And - and apart from actually concluding contracts as  
10 an agent what - what role do - do the agencies play for Eskom?

**MR PRETORIUS:** They play different roles. So the - the media buying agency would be responsible for all media buying on behalf of Eskom - all forms of media. The creative agency would be the advertising agency or we call it creative agency because they do more than just advertising - creative advertising.

The PR agencies - you will have a corporate PR agency who looks after the corporate PR of the organisation and assists Exco in certain critical issues and so on and then you will have an activations agency. As you can understand Eskom has a - a lot of customers that  
20 are on the lower end of the LSM Grouping and therefore we interact with them on a - on differently and - and direct way.

So we have activations agency and then the digital agency will look after the social media, Facebook, Twitter, Instagram, LinkedIn and so on.

**ADV MBIKIWA:** Can we - can we focus on the media buying agency?

As I understand it that is the agency that would be responsible for advert - advertising in newspapers for example. Can you - can you talk us through the process that - that Eskom goes through with - with the media buying agency when it decides to advertise in a newspaper?

**MR PRETORIUS:** Yes. So the process that - that would be followed in Eskom in terms of the - the policy and the procedure that is in place is a briefing document is compiled and the briefing document includes background information. What is the problem? What are - what do we already know about the problem etcetera and that briefing document  
10 will then be sent to all agencies and the agencies will have a look at that and then we will a couple - a couple of days later we will invite them to a briefing session where we allow them to ask questions and to have a discussion and so on and in that meeting we will say okay which agency will take the lead.

So then the creative agency would go and develop a creative idea and the advertising around that and once that has been signed off that will be - be placed in newspapers, magazines, television, radio and so on. Whilst the creative agency is doing the creative work the media buying agency is doing a strategy as to how we best will connect  
20 because the briefing document will state very clear who is the target market and the target - the - the media buying agency will then go through the research and their access to research and their experience will then find the most suitable tools to connect with those specific target audience.

So they will provide us with a media plan or connection plan



and we will sign that off and it is in detail as to when the advert will appear on Highveld or on 702 or whatever as well as an overall plan in terms of the cost.

**CHAIRPERSON:** One second. Thank you. You may proceed.

**ADV MBIKIWA:** Thank you Chair. Mr Pretorius you - you say in your affidavit that particularly important for Eskom is - is frequency and reach.

**MR PRETORIUS:** Yes.

**ADV MBIKIWA:** Can - can you explain what you mean by that?

- 10 **MR PRETORIUS:** Well it is not just for Eskom. So it is for most marketers. So frequency is how often does the advert appear on television or on radio or in a newspaper or magazine. So the frequency is I cannot place an advert once in one newspaper and expect that I have now - have awareness around the specific issue.

So the frequency is - is quite important. The reach is also important in terms of connecting with the right people. So if I want to talk to people in LSM 1 - one or two or three and I am using cinema then I am not going to connect with those people because they do not go to cinema.

- 20 **ADV MBIKIWA:** And - and you mentioned that research plays an important part of determining that. What - what sort of indicators are used by the media buying agencies to determine your reach?

**MR PRETORIUS:** So the media buy - media buying agency will - will look obviously at the circulation of - of the newspaper and Eskom has a policy that we only deal with - with accredited publications that have

been audited. So - and/or viewership or listenership. So it is just - it is not just about newspapers. So we will look at the - the circulation.

We will also look at the behavioural aspects around the - the target market in terms of the media. So there is media research that is being done on a continuous basis and the media agency has access to that. So they will be able to tell you how many people have read the YOU in the last seven days, who have watched Survivor on - on television in the last seven days and so on.

So that has an impact. Also the popularity of the program or  
10 - television specifically - popularity of the program will also determine the price of the - of the advertising. So sometimes it may be the best option but it is not cost effective. So all of that research is then put together in a strategy document and the strategy document is then presented to - to the client and the client says well yes.

We agree or not we do not agree. We would like this or we would like that or we will ask for more money in order to do this or that, but eventually the strategy document is signed off by the client and from the - the strategy document the connection plan is then developed which is then translated into a buying plan.

20 **ADV MBIKIWA:** And Mr Pretorius you said that Eskom has a policy of not dealing with - with publications that are not accredited. What is the process for accreditation?

**MR PRETORIUS:** Well it is the pub - the publication itself or the television station or the radio station itself needs to - to apply to the ABI - the Audited Bureau of - sorry.

**ADV MBIKIWA:** I believe it is circulation.

**MR PRETORIUS:** ABC. Sorry. Audited Bureau of Circulations. My apologies. They would apply and they - research will be done by them. An audit - audit will be done by them in terms of - of readership - circulation sorry.

**ADV MBIKIWA:** And - and given the process that you have described would you regard it as unusual if Eskom entered into a long term contract or spent a significant sum of money with a media publication with - about which there was little or no market research?

10 **MR PRETORIUS:** Yes. It would be very unusual.

**ADV MBIKIWA:** And so can you - can you explain why - how or whether Eskom would every support small media publications or new entrants ...

**MR PRETORIUS:** Hm.

**ADV MBIKIWA:** Which perhaps did not have this market research about them.

**MR PRETORIUS:** We do and we do cautiously. So we will not enter - as your previous question - go into a long term agreement with a lot of money. So we will start small and help build the publication with other marketers within - in South Africa and once the publication is audited  
20 and their circulation figures are up to standard and so on. Then we would support a publication.

**ADV MBIKIWA:** Thank you and - and Mr Pretorius the - the last aspect on - on the agencies I would appreciate your assistance with is remuneration. How - how do you pay them - the media agencies? How are they remunerated by Eskom?

**MR PRETORIUS:** By Eskom?

**ADV MBIKIWA:** Yes.

**MR PRETORIUS:** Eskom pays them a fee. So we would determine from all the - the strategic marketing initiatives we will determine how much the - the budget would be and from that budget we would pay them between three and five percent - is their fee that they get paid to do the work and they provide us with a resource plan according to that five percent whatever.

10 So you will have the business unit director. You do not need every second day. So you may have 50 percent. The strategist you may use occasionally. So you will have five percent of the strategist's time.

**ADV MBIKIWA:** And - and I understand that the - that the agencies then also obtain a rebate from the - what you describe as the media owner i.e. the media publication. Can you explain how that works?

**MR PRETORIUS:** Okay. So up until very recently there was a 16.5 percent rebate which is a commission that is paid to the agents - agency for bringing the business. It is similar to a car salesman who sells a car who - who earns commission.

20 So that 16.5 percent can be used by organisations to - to pay the agency and say the commission - the 16.5 percent is what you earn or alternatively is like I did in - in Eskom's case and made it more cost effective for me is to - to pay them a fee and then take the 16.5 percent pay back to Eskom and that 16.5 percent is then used to pay their fee and it is used to pay the - the creative agency's fees and the balance is

implement - reinvested sorry - in - in the campaign.

So the 16.5 percent is - was a standard but recently the Competition Commission said that it is uncompetitive. Therefore the - the agencies can now or the media owners - sorry - can now determine their own commissions.

**ADV MBIKIWA:** Thank you. How - how recently was that?

**MR PRETORIUS:** I think it is within the last six months.

**ADV MBIKIWA:** Okay. Can we then move onto the issue of sponsorship? You - you deal with that at your affidavit from paragraph  
10 23 on page 6. Can you begin by explaining to us what a - what a sponsorship agreement is and - and how it differs from advertising in the ordinary course?

**MR PRETORIUS:** Yes. Sponsorship is - well firstly it is a commercial transaction between an organisation and the sponsorship property owner. So this sponsorship property owner will come to you and say I have this property which is - and I am just going to use the rugby as - as an example because it is relevant now. The - Absa Bank will - will - that sponsors the rugby they will do so because there is a commercial benefit for them.

20 They either get more clients or they get more business through this. So there is a commercial benefit to that. That is the first thing. The second thing is that for every R1,00 that you sponsor you must have at least R3,00 to leverage that sponsorship to tell the world that I am sponsoring and that - you do commercials during break times.

When it is half time you do commercials or squeeze backs on

television and so on. So that sponsorship agreement then very clearly spells out - out the role of the sponsorship. In other words in this case - in this example - Absa Bank. What is their role? What are they to provide? Clearly spells that out and it also clearly spells out the - the responsibilities of the property owner. What they need

So South African Rugby needs to provide this, this, this and this and these two things are measured at the end of the day and on the sponsorship from - from something like an Absa Bank would be what is the commercial benefit at the end of the day.

10 **ADV MBIKIWA:** Okay; and - and can you describe for us what process must be followed before a sponsorship agreement is entered into and how that differs from advertising through a media buying agency for example?

**MR PRETORIUS:** Okay. In Eskom we have a - a sponsorship desk. So all sponsorships that are received it does not matter where it comes from in the organisation is supposed to be sent to the sponsorship desk first. That is the first port of call. There is a specific criteria in - in which a sponsorship is measured against for Eskom and this is developed with the - the cooperation of - of Exco and it is part of the  
20 policy documents.

So it is signed off within the organisation and that -once - if the sponsorship is measured and it scores 75 percent and above it may be recommended to go to the Sponsorship Committee for approval. Provided that there is budget. So if I get a sponsorship for an environmental conference I would go to the Environmental Manager

within Eskom or the Sustainability Department and say are you interested in - in sponsoring this and is this a particular important stakeholder for you and so on.

They may say yes and they may say they have the budget and then we will take it to the Sponsorship Committee and a presentation and - and submission documents will be done and then it would be approved. Once the Sponsorship Committee has approved it you still need to enter into a contract with the - the sponsor - sponsorship owner - the property owner in order to make sure that the  
10 responsibilities are spelt out and that we are protected and so on.

We then also sit down with them before we conclude the contract and negotiate the benefits. What is the benefits that we as an organisation will derive from this association with you as a sponsor - sponsorship owner and then contract is concluded and signed and the sponsorship then goes ahead.

**ADV MBIKIWA:** You have - you have mentioned the Sponsorship Committee. What is that and where - where in the organisation does it fit?

**MR PRETORIUS:** Okay. Originally up until very recently last year the  
20 Corporate Affairs Division - MANCO - fulfil - fulfilled the role of the Sponsorship Committee as well as the Management Committee. Sorry. Your question further was where is it positioned. It is currently a subcommittee of the Corporate Affairs - MANCO - with its own terms of reference, its own Chairman and has been in operation for almost a year now.

**ADV MBIKIWA:** Thank you. Can we just go to the Sponsorship Policy very briefly?

**MR PRETORIUS:** Yes.

**ADV MBIKIWA:** That is at page 65 of - of your bundle. It is Annexure 2. You - you have dealt in your affidavit with the various criteria that are applied and the objects sought to be achieved and I do not intend to go to those in the policy. Can we begin just by con - with you confirming that the same policy which is dated 2000 and revised in 2001 was still in force in 2012?

10 **MR PRETORIUS:** It was. Yes, because there was no new policy. My understanding is that the (intervenes).

**CHAIRPERSON:** I am sorry. Can you just get the witness to confirm that the policy starts from what page to what page?

**ADV MBIKIWA:** Yes Chair. Can you confirm that the policy begins at page 65 and that it ends together with its annexures at page 116? Sorry - 115.

**MR PRETORIUS:** 15. Yes.

**CHAIRPERSON:** Okay.

**MR PRETORIUS:** That is all the annexures.

20 **CHAIRPERSON:** Okay and that is a policy on?

**MR PRETORIUS:** Sponsorship Chair.

**CHAIRPERSON:** Sponsorships. Okay.

**ADV MBIKIWA:** Could - could we turn to page 67?

**CHAIRPERSON:** I am just looking ...

**ADV MBIKIWA:** Apologies Chair.



**CHAIRPERSON:** The expected cover page that would have big words - Sponsorship Policy or something like that. So - but - they are not there, but it is okay. The witness has confirmed.

**ADV MBIKIWA:** Could you turn to page 67?

**MR PRETORIUS:** Yes.

**ADV MBIKIWA:** And at Clause 4.1 - Scope of Approval.

**MR PRETORIUS:** Yes.

**ADV MBIKIWA:** Could you just explain to us in what circumstances a Sponsorship Agreement would need to go to the Sponsorship  
10 Committee?

**MR PRETORIUS:** All sponsorships - anything above R50 000 has to go the Sponsorship Committee. Anything below R50 000 can be approved by the relevant executive. However the Sponsorship Committee should still be informed of that sponsorship that has been made.

**ADV MBIKIWA:** And - and if you turn the page onto 68.

**MR PRETORIUS:** Yes.

**CHAIRPERSON:**

**ADV MBIKIWA:** It says:

“The ...”

20 At A it says:

“The Management Board may approve sponsorships up to an including an amount of R10 million and that sponsorships exceeding R10 million may only be approved by the Electricity Council.”

Can you explain to us what the Management Board and the

Electricity Council are?

**MR PRETORIUS:** *Ja.* That was during the time Chair when Eskom was still the Electricity Supply Commission. So we had the Electricity Council which is the equivalent of the Board now and we had the Management Board which is the equivalent of Exco at this stage. *Ja.*

**CHAIRPERSON:** So the policy had been prepared during those days and it has not been amended to accurately reflect current structures?

**MR PRETORIUS:** Chair it has been amended but it was never signed off.

10 **CHAIRPERSON:** Yes.

**MR PRETORIUS:** So there is - there is currently a new policy in place.

**CHAIRPERSON:** Yes.

**MR PRETORIUS:** Which is not relevant to this period of - of what we are talking ...

**CHAIRPERSON:** Yes.

**MR PRETORIUS:** But since this policy we have had many attempts to update the policy, but it - for various reasons it was not updated ...

**CHAIRPERSON:** Yes.

**MR PRETORIUS:** And not signed.

20 **CHAIRPERSON:** Yes.

**MR PRETORIUS:** So my understanding was then in that case we refer to the last signed ...

**CHAIRPERSON:** Yes.

**MR PRETORIUS:** Policy.

**CHAIRPERSON:** Yes. Okay.

**ADV MBIKIWA:** And can we turn to - to Clause 4.2 which says:

“The Executive Directors will ensure budget provision within their groups to fund those sponsorship initiatives which they wish to invest in.”

**MR PRETORIUS:** Yes.

**ADV MBIKIWA:** What is your understanding of - of the requirement of that provision?

**MR PRETORIUS:** So a lot of the - the Executive Directors at that stage - the Board - the Board Members were then referred to as Executive  
10 Directors - had the - the notion that the - the Marketing Department will have this massive amount of money for sponsorships and we only sponsors - funding for sponsorships that was of corporate interest.

Like for instance the Eskom Expo for Young Scientists and so on. So individual or niche sponsorships that people wanted to do they needed to fund from their own budgets. We did not carry the budget and that is what that refers to.

**ADV MBIKIWA:** Okay and then the last aspect of the policy I would like to turn to which - which is not addressed in your affidavit is at page 109. That is Annexure 5 to the Sponsorship Policy and it is headed  
20 “Measuring the Sponsorship” and it runs from 109 to 112. Can you just explain to us what the - what the requirements of the sponsor - the Sponsorship Policy are in relation to the monitoring and evaluation of the Sponsorship Agreements that Eskom enters into?

**MR PRETORIUS:** Well simply put it is if you have put X amount of money into a sponsorship property you would want to see the return on

the investment.

So as I've mentioned before there's a contract, a contract contains certain performance clauses for both parties and have those performance clauses been met, have we reached the target audience and so on. It is always advantageous for an organisation to have a long-term relationship with a sponsorship property. If we take, in South Africa, for instance, the rugby, the soccer, the Nedbank golf challenge its long-term relationships.

So it's better to have long-term relationship. If so if one  
 10 sponsors something for the first time the performance assessment that one does on the sponsorship afterwards is very important because it also determines, do we want to continue to do this or not?

**ADV MBIKIWA:** Thank you, so having regard to this policy and the process that you've described, would it be unusual for Eskom to enter into a sponsorship agreement without going through the sponsorship Committee or the CAD MANCO as it was?

**MR PRETORIUS:** It would be unusual yes.

**ADV MBIKIWA:** And without applying any of the criteria set out in the sponsorship policy?

20 **MR PRETORIUS:** It would be very wrong.

**ADV MBIKIWA:** And would it be unusual, after entering into such an agreement for there to be no monitoring or evaluation as to the success or the impact of the sponsorship?

**MR PRETORIUS:** It would be unusual, not a norm.

**ADV MBIKIWA:** Thank you. I'd like now to turn to the...[intervenes].

**CHAIRPERSON:** Are you able to indicate what the frequency may have been prior to the New Age era of such unusual features, in other words, deviations from what you expected to happen?

**MR PRETORIUS:** Chair since I took over in 2007/2008 there has not been any apart from the New Age.

**CHAIRPERSON:** Yes, and prior to that would you have known if there were any by virtue of the position that you occupied then?

**MR PRETORIUS:** Yes Chair because our financial business partner would do a check on the general ledger account for sponsorships so we  
10 will see if anybody in the business has spent any money on sponsorship, on the general ledger account number and then those would be addressed if it had not gone through the proper process, it would also then constitute a condonation in such instances.

**CHAIRPERSON:** And had – are you able to recall any instances prior to 2007 when this had occurred, namely these deviations, these failure to do what would have been usual?

**MR PRETORIUS:** Chair I cannot recall.

**CHAIRPERSON:** You can't recall?

**MR PRETORIUS:** No.

20 **CHAIRPERSON:** Okay thank you.

**ADV MBIKIWA:** Mr Pretorius can we then turn to, what is really the focus of today's evidence which is the contracts entered into between Eskom and the New Age and Chair can I just say that during the course of this I'll be referring to TNA and the New Age interchangeably, TNA Media was the entity that owned the New Age newspaper.

**CHAIRPERSON:** Yes.

**ADV MBIKIWA:** Mr Pretorius we pick that up from paragraph 29 of your affidavit where you say that you first became aware of an approach to Eskom by TNA on the 22<sup>nd</sup> of March 2011 when Mr Jacques Roux contacted Mr Chose Choeu.

**MR PRETORIUS:** Yes.

**ADV MBIKIWA:** Who is Mr Chose Choeu?

**MR PRETORIUS:** He was my Divisional Executive who I reported to.

**ADV MBIKIWA:** And Mr Jacques Roux?

10 **MR PRETORIUS:** Mr Jacques Roux was from – well allegedly from the New Age and I say allegedly because he's email was not TNA it was JIC.

**ADV MBIKIWA:** Okay can we turn to that email correspondence, it's at page 117 it is Annexure three to your affidavit.

**MR PRETORIUS:** Yes.

**ADV MBIKIWA:** And if we start from the bottom Mr Jacques Roux contacts Mr Chose Choeu and as you say Mr Jacques Roux's email address is JIC, do you know what JIC is?

20 **MR PRETORIUS:** No I would have to guess, I'm assuming it's some or other [indistinct] house.

**ADV MBIKIWA:** And Mr Roux says,

“Dear Chose, pursuant to our telephonic conversation we request a meeting during the week, if possible to introduce the New Age Newspaper to you. I attach hereto a brief overview of the product for your perusal and asks for a

meeting at your convenience – at Mr Choeu's convenience".

Further up Mr Choeu then forwards that to Ms Raisa Wadja copying Jacques Roux and you and says,

"Please find time to meet with Jacques Roux".

Who is Ms Wadja?

**MR PRETORIUS:** She's a colleague, she runs the corporate communications department which is internal and external communication.

**ADV MBIKIWA:** And how did you understand Mr Choeu's email to Ms  
10 Wadja?

**MR PRETORIUS:** Well because I was just copied I accepted that is for information only, Ms Wadja had met with Jacques Roux and then realised that this is not in her area, it should be in my area, so she referred Mr Roux to me.

**ADV MBIKIWA:** And can we turn to the proposal that's attached to Mr Roux's affidavit, that's at page 119 and I don't intend to go through the whole thing but if we could turn to page 124 and there the proposal says that the New Age was launched on the 6<sup>th</sup> of December 2010 and that it is currently distributing over 100 000 copies per day. How would  
20 you have verified whether that statement was true?

**MR PRETORIUS:** We would have checked up with ABC.

**ADV MBIKIWA:** Okay and was the New Age accredited with ABC?

**MR PRETORIUS:** No they were not.

**ADV MBIKIWA:** Do you know whether they had ever applied for accreditation with ABC?

**MR PRETORIUS:** They – Mr Howa informed me at some point that they have but we have not – until its demise we have not seen the certificate from ABC.

**ADV MBIKIWA:** Okay, Chair we have obtained an affidavit from ABC which confirms that TNA never applied for accreditation, I can take you to that affidavit, it's at page 752, it's in Bundle MM1B, so the second file containing Mr Pretorius' Annexures.

**CHAIRPERSON:** Yes.

**ADV MBIKIWA:** And it simply confirms that TNA never applied for and  
10 was never granted certification.

**CHAIRPERSON:** Okay.

**ADV MBIKIWA:** We've simply included the affidavit because we don't understand this to be a contentious point, but of course we do so provisionally and if any dispute arises in due course we will deal with that appropriately.

**CHAIRPERSON:** Yes that's fine, so I think for present purposes it's enough to just identify where it is to be found and you have said what is says in substance and we don't need to go beyond that.

**ADV MBIKIWA:** Thank you Chair.

20 **CHAIRPERSON:** Well if you want to read, it's a paragraph or something it's fine.

**ADV MBIKIWA:** It's not necessary Chair it literally says what I've just described.

**CHAIRPERSON:** Okay.

**ADV MBIKIWA:** Mr Pretorius can we then return to your affidavit,



that's – and to paragraph 32 where you say that a meeting did happen between – well with Mr Roux, do you know if Ms Wadja attended that?

**MR PRETORIUS:** No she didn't.

**ADV MBIKIWA:** Do you know who attended?

**MR PRETORIUS:** I was there, Mr John McArdle who worked for me at that time and my immediate GM, Mr Tsehepo Moremi.

**ADV MBIKIWA:** Sorry Mr Pretorius I think you're referring to a subsequent meeting that I'm going to get to shortly, this is a meeting that followed immediately after the correspondence I'm referring to and  
10 you indicate at paragraph 32 that you understand the meeting took place as scheduled but you did not attend.

**MR PRETORIUS:** I do apologise I did not – I could not attend the first meeting, I'm not sure, I think it was in April, I may have been on leave so John McArdle would have stood in for me or acted on my behalf and he attended that meeting.

**ADV MBIKIWA:** Mr McArdle attended that meeting?

**MR PRETORIUS:** Yes.

**ADV MBIKIWA:** And who is Mr McArdle?

**MR PRETORIUS:** He was the Corporate Marketing Manager who  
20 reported to me and has subsequently retired for four years ago, three years ago.

**ADV MBIKIWA:** Okay and now we can move on to the subsequent meeting that occurred which you describe from paragraph 33 and you say that Mr McArdle was contacted by a TNA representative. Can you describe what took place at that meeting?

**MR PRETORIUS:** It was TNA and the same proposal that we've just looked at for the New Age breakfast and that Eskom should be part of that...[intervenes].

**CHAIRPERSON:** I'm sorry I may have missed this, can you cover who requested the meeting, what was the purpose of the meeting and then before going into the contents of the discussion of the meeting?

**MR PRETORIUS:** Of course Chair. The request came from TNA to have a meeting with Eskom and the objective of the meeting was to discuss the proposal.

10 **CHAIRPERSON:** Okay thank you.

**ADV MBIKIWA:** And what was the proposal at that point?

**MR PRETORIUS:** It was a proposal that we had looked at so it was for – specifically for the New Age breakfasts that they wanted Eskom to sponsor.

**ADV MBIKIWA:** And can you just describe for us broadly what these breakfasts were?

**MR PRETORIUS:** Okay so the breakfasts...[intervenes].

**CHAIRPERSON:** I'm sorry I know you said Mr Mbikiwa you're not going to spend much time on the proposal but if that's the proposal that  
20 was the subject of the discussion at the meeting let us have the important features of the proposal before we go into the meeting. I assume that the proposal was given to you ahead of the meeting or not really?

**MR PRETORIUS:** Chair I don't recall but I would assume...[intervenes].

**CHAIRPERSON:** Oh is your recollection that you got it at the meeting?

**MR PRETORIUS:** Chair I really cannot recall, my boss...[intervenes].

**ADV MBIKIWA:** Chair can I try to assist?

**CHAIRPERSON:** Yes.

**ADV MBIKIWA:** The proposal that I referred you to a moment ago is in fact a proposal only for advertising it – that proposal, as far as I understand doesn't contain any proposal for any business breakfasts.

**CHAIRPERSON:** Oh okay.

10 **ADV MBIKIWA:** It was a proposal – if you are interested...[intervenes].

**CHAIRPERSON:** No we can look at it at the time that you think is right, I thought that it was going to be the subject of the discussion of the meeting that he's going to now.

**ADV MBIKIWA:** Yes, Chair as far as I am aware there was no proposal circulated in respect of business breakfasts before that meeting.

**CHAIRPERSON:** Okay, no that's fine.

**ADV MBIKIWA:** But I do understand that it forms – that business breakfasts formed part of the discussion at that meeting.

20 **CHAIRPERSON:** No okay that's fine, let's go ahead, you said the purpose of the meeting was to discuss a proposal?

**MR PRETORIUS:** Ja a proposal from the New Age.

**CHAIRPERSON:** New Age?

**MR PRETORIUS:** So my understanding was, as – that it was to discuss advertising and then when Jacques Roux came it was

advertising and the business breakfasts.

**CHAIRPERSON:** Yes okay.

**ADV MBIKIWA:** And sorry where we left off Mr Pretorius, is I asked you just to give a sort of broad description of what these business breakfasts were?

**MR PRETORIUS:** So the proposal included a breakfast at one of the hotels in the city with SABC's morning live programme being broadcast live from the venue to – for an additional hour so they are from six to eight so it was from seven to nine, more specifically the business  
10 breakfasts. The TNA then sold tickets to the event, so people who wanted to attend either had to buy corporate tables or single seats at these events and they would then, according to New Age, they would also then promote the business breakfast through their newspaper, the New Age and allegedly SABC would also promote it on radio and on their website they would be – promote and advertise that the business breakfast with whoever the celebrity or Minister or whoever it was would be and then they would sell tickets for that.

**ADV MBIKIWA:** And what was it that it was being proposed, Eskom would do?

20 **MR PRETORIUS:** It was proposed that Eskom would sponsor the breakfast, initially for R1million a breakfast.

**ADV MBIKIWA:** Okay thank you. Chair I see that we have reached quarter past eleven, it might be an appropriate time for the tea adjournment.

**CHAIRPERSON:** We'll take the tea adjournment and we'll resume at

half past eleven, we adjourn.

**INQUIRY ADJOURNS**

**INQUIRY RESUMES**

**CHAIRPERSON:** Yes Mr Mbikiwa you may proceed.

**ADV MBIKIWA:** Thank you Chair. Mr Pretorius if we can pick up where we left off which was the meeting that you and Mr Magardil [?] had with Mr Roux and you say that the proposal was for business breakfasts which Eskom would sponsor at a R1 million a breakfast. How did you respond to that proposal at the meeting?

10 **MR PRETORIUS:** I declined it immediately.

**ADV MBIKIWA:** And why?

**MR PRETORIUS:** Because they did not have the circulation. They were a new publication and I am – I – one would not – well most marketers will not take that kind of money and put it into a publication that does not have a track record. Also if you look at it from a sponsorship point of view if you wanted to sponsorship in Eskom one of the criteria in which we measure has this sponsorship been – been done before and have this people had success with this sponsorship? Because we cannot associate any brand name it does not matter which  
20 brand but in this case Eskom with something that is going to be absolute disaster. So if there is no proven track record then we would not – we would definitely not get involved.

**ADV MBIKIWA:** And did you express those concerns to Mr Choeu your executive – your – the Divisional Head?

**MR PRETORIUS:** Yes we gave him feedback from the meeting on –

with Mr Roux.

**ADV MBIKIWA:** And how did he respond?

**MR PRETORIUS:** At that point in time he agreed with us. There was – I considered the matter closed and then later there was an instruction that we will enter into an agreement. I am not sure if I am jumping ahead.

**ADV MBIKIWA:** No I was – I wanted to get exactly there.

**MR PRETORIUS:** Okay.

**ADV MBIKIWA:** But I see the Chair has a question.

10 **CHAIRPERSON:** Yes but are we still at the meeting that you were telling us about or have you gone beyond the meeting?

**MR PRETORIUS:** We have gone beyond the meeting Chair.

**CHAIRPERSON:** Yes I did not hear – I did not think that what I heard was a full content of the discussion at the meeting. There was a proposal for the breakfast shows.

**MR PRETORIUS:** Yes.

**CHAIRPERSON:** Is that right?

**MR PRETORIUS:** Yes Chair.

**CHAIRPERSON:** Also for advertising in the New Age?

20 **MR PRETORIUS:** Yes Chair.

**CHAIRPERSON:** And it was at that meeting where you took the position that you have just described?

**MR PRETORIUS:** What my position was – sorry Chair I just...

**CHAIRPERSON:** At the meeting.

**MR PRETORIUS:** At the meeting?

**CHAIRPERSON:** Hm.

**MR PRETORIUS:** Was that no we will not take you up on your offer or your proposal but I did say because you are a new entrant into the market that we will put – give some advertising budget towards the New Age. I did not confirm any amount at that point in time because I needed to discuss it with the team. Just maybe for the Chair to understand that. Although I am the Head of Marketing there is Marketing Project Managers that execute each one of these strategic marketing initiatives.

10 **CHAIRPERSON:** Yes.

**MR PRETORIUS:** And as a manager I do not prescribe to them what publications they need to go in. I am assuming they are qualified and they do – they make the decisions based on this. I will check it from time to time and I will step in and if they do not meet their targets then obviously they get penalised for that. So I would not have made a commitment to Mr Roux at that meeting with regards to advert – any advertising amount. So that was the – in my opinion the end of the meeting and the feedback because Mr ...

**CHAIRPERSON:** And in relation to that what was their response, the  
20 New Age people? What did they say to that? If you are able to remember.

**MR PRETORIUS:** I am – Chair if I was to give you my opinion it would be ...

**CHAIRPERSON:** You cannot remember?

**MR PRETORIUS:** I cannot really remember.

**CHAIRPERSON:** Yes.

**MR PRETORIUS:** I think I remember but I am not sure.

**CHAIRPERSON:** Yes but there was simply no agreement.

**MR PRETORIUS:** There was no agreement.

**CHAIRPERSON:** Yes. And – and then on the breakfast – on the breakfast show what – what did you convey to them?

**MR PRETORIUS:** I said...

**CHAIRPERSON:** Yes.

**MR PRETORIUS:** I said absolutely no – no we will not and we did not  
10 commit to anything.

**CHAIRPERSON:** And did they seem to accept that or you cannot remember what their attitude was?

**MR PRETORIUS:** Ja I cannot remember the – what the – it was just Jacques there.

**CHAIRPERSON:** Yes.

**MR PRETORIUS:** That – from the New Age.

**CHAIRPERSON:** Yes.

**MR PRETORIUS:** So we said no. I cannot remember really what his reaction was.

20 **CHAIRPERSON:** Yes. But there was just no agreement.

**MR PRETORIUS:** Yes.

**CHAIRPERSON:** You indicated that in principle Eskom could give them some advertising insofar as they are a new publication.

**MR PRETORIUS:** Yes.

**CHAIRPERSON:** But you did not commit yourself to any amount?



**MR PRETORIUS:** Yes Chair.

**CHAIRPERSON:** Okay alright.

**ADV MBIKIWA:** Thank you Chair. And Mr Pretorius as I understand your evidence earlier you said that – that the way in which Eskom would often deal with smaller publications or new entrants was to offer smaller deals?

**MR PRETORIUS:** Yes absolutely.

**ADV MBIKIWA:** So let us now turn to what happens after the meeting.

**CHAIRPERSON:** So – I am sorry Mr Mbikiwa. So at the meeting you  
10 have no recollection whether the New Age delegation tried to persuade Eskom that there was value for Eskom in sponsoring the breakfast shows?

**MR PRETORIUS:** Chair they did.

**CHAIRPERSON:** They did try?

**MR PRETORIUS:** But they were not – they did not convince me.

**CHAIRPERSON:** Yes.

**MR PRETORIUS:** I – I ...

**CHAIRPERSON:** You could not see where the value – what value there would be?

20 **MR PRETORIUS:** Ja I could not see and I have been a marketer for almost 30 years.

**CHAIRPERSON:** Yes, yes.

**MR PRETORIUS:** And from what they were offering.

**CHAIRPERSON:** Ja.

**MR PRETORIUS:** It did not make sense to me.

**CHAIRPERSON:** Yes.

**MR PRETORIUS:** Where would my R1 million be going.

**CHAIRPERSON:** Yes.

**MR PRETORIUS:** If you selling tickets.

**CHAIRPERSON:** Yes. Thank you.

**ADV MBIKIWA:** Thank you Chair. Mr Pretorius you then say that you communicate these concerns to Mr Choeu?

**MR PRETORIUS:** Well it was not concerns at that point in time. It was feedback. If you recall the email that was sent to Raheesa and then  
10 subsequently to me as my – I was reporting to Tshepo Moremi, Mr Tshepo Moremi who was the General Manager who reported to Mr Choeu. At that point I gave feedback to Mr Choeu and said we have met with New Age as per your instruction and we are not going to take them up on their offer but we will offer them some advertising. And I and I am – my – I cannot assume for Mr Choeu but I assumed that this was the end of the story. But it was not.

**ADV MBIKIWA:** And then you – from paragraph 36 of your affidavit from page 11 you say that you communicated these concerns or not concerns this feedback to Mr Choeu and that he told you to conclude  
20 the contract because an instruction had come and that is what you were getting to next.

**MR PRETORIUS:** Okay. So after the – the feedback meeting to Mr Choeu there was – the New Age had not gone away. The New Age had met with Mr Choeu in his office – Nazeem Howa and there was one other person – her name –

**CHAIRPERSON:** Well you can look at in your statement if that will refresh your memory.

**MR PRETORIUS:** Ja the Mr Howa and Ms I cannot remember the second person's name that was there – they had met with Mr Choeu and I was invited to the meeting and the discussion was about the business breakfasts again. I again expressed my concerns around this. I was asked to leave and then Mr Choeu – I – we had the discussion where I raised the concerns and he said to me, Pieter it is an instruction. It comes from the Minister. Brian Dames had told us that  
10 you will do this. And I arrogantly...

**CHAIRPERSON:** Let us go back to the meeting. Who asked you to leave the meeting?

**MR PRETORIUS:** Mr Howa from the New Age.

**CHAIRPERSON:** Oh was it his place to ask you to leave?

**MR PRETORIUS:** Not in my opinion.

**CHAIRPERSON:** Yes and Mr Choeu he did not protest at that?

**MR PRETORIUS:** No.

**CHAIRPERSON:** Yes. And are you able to say what may have prompted Mr Howa to want you to leave?

20 **MR PRETORIUS:** I can only assume Chair that is was because I was against the business breakfast and I did not want to spend the money.

**CHAIRPERSON:** You had already expressed that view by – when he asked you to leave?

**MR PRETORIUS:** Yes.

**CHAIRPERSON:** At the meeting had – at that stage had Mr Choeu also

expressed his view where he stood on the issue or not yet? Or you cannot remember?

**MR PRETORIUS:** Mr Choeu's style has always been that this is the Head of Marketing and he will make the decision and he will give you feedback.

**CHAIRPERSON:** Yes.

**MR PRETORIUS:** So I was giving feedback and directly after that Mr Howa just looked at me and then he said to Mr Choeu if I remember correctly I cannot remember the exact words. We have other business  
10 to discuss. And then he turned to me and he said, Mr Pretorius you may excuse yourself.

**CHAIRPERSON:** Okay.

**ADV MBIKIWA:** Thank you Chair. And you say that Mr Choeu communicated to you that the instruction had come from the Minister?

**MR PRETORIUS:** Yes. Well that was implied. So it came from the top and the – there was subsequent emails where some of the Ministers staff was copied on the New Age discussions that we were having and some of those staff members Gmail accounts were used. So it was clear to me that this was an instruction and Mr Choeu had spoken to Mr  
20 Dames and Mr Dames had said the Minister said you will do this.

**ADV MBIKIWA:** So Mr Choeu communicated to you that Mr Dames had communicated to him that the Minister had said that you will do this?

**MR PRETORIUS:** That is my understanding yes.

**ADV MBIKIWA:** Okay.

**CHAIRPERSON:** And who was the Minister at the time?

**MR PRETORIUS:** Minister Malusi Gigaba.

**CHAIRPERSON:** Hm.

**ADV MBIKIWA:** Chair as – as Ms Hofmeyr referred to earlier we have received an affidavit from Mr Gigaba.

**CHAIRPERSON:** Yes.

**ADV MBIKIWA:** In response to the 3.3 Notice that he received. Can I ask you to go to the affidavit? It is at page 776 in File MM1b.

**MR PRETORIUS:** 77?

**ADV MBIKIWA:** 6. 776. And if I can ask you to turn in particular to  
10 page 778 at paragraph 7 before that Mr Gigaba effectively summarises the allegation that is made. And he says:

“I deny that I ever gave any such instruction. Such  
would amount to me as a representative of a state  
shareholder interfering with the operational matters  
of Eskom which I never did.”

What do you say to that?

**MR PRETORIUS:** I disagree with the Honourable Minister because had interfered in the operations of the business on many occasions on many other things as well. So the – there would be no plausible reason for  
20 Mr Dames or Mr Choeu to force me to go into a contract other than an instruction from somebody higher up. And Mr – the Honourable Minister is – is saying that he denies that he gave such an instruction saying that would be interfering with the operational matters of Eskom which I never did. That statement is not true because Mr Gigaba had often when – especially when we went through load shedding and

various other things Mr Gigaba was there.

**CHAIRPERSON:** Is – is your evidence that you cannot say for sure whether he gave the instructions that were told about – the instruction that you were told about but that you have no reason not to believe what you were told by Mr Choeu who said he had been told by Mr Dames that the Minister had given instruction? But that you are saying to the extent that the Minister says he would never interfere in operational matters you say on that one you say that is not true, that cannot be true because you know of many instances where he  
10 interfered in operational matters. Is that – is that what you are saying or are you saying something different?

**MR PRETORIUS:** I am – Chair that is what I am saying is just that there was a lot of interference from the Department of Public Enterprises since the load shedding that started on the 24 January 2008. So the DPE or Department of Public Enterprises had often come to the – to Eskom and telling Eskom or instructing Eskom to do certain things. So you look at the coal contracts which was also discussed. Some of the procurement issues and so on was discussed with the Minister and the Minister had been part of the discussions.

20 **CHAIRPERSON:** And when you talk – when you say Minister in this case you still referring to Mr Gigaba?

**MR PRETORIUS:** Mr Gigaba yes.

**CHAIRPERSON:** Yes okay.

**ADV MBIKIWA:** Thank you Chair. Mr Pretorius can we then go – move onto paragraph 8 of his affidavit?

**MR PRETORIUS:** Yes.

**ADV MBIKIWA:** Where he says that:

“It also does make sense that the fact that I was scheduled to be a guest speaker at a TNA breakfast of 12 April 2012 could serve as a reason for the TNA contract to be concluded. According to paragraph 37 of the Pretoria statement I had already agreed to be the guest speaker and clearly this had nothing to do with the conclusion of the TNA contract. I was not even aware of the negotiations between Eskom and TNA and or the SABC which was the broadcast of the TNA business breakfasts.”

What do you say to that?

**MR PRETORIUS:** Well the Minister was not aware that this negotiations. Remember that I pushed back on the contract with the New Age and then we had to conclude the contract. So the Minister would not have been aware that we are in the process of negotiating the first contract and that we were in talks with the New Age. Secondly the – the instruction came that he is the guest speaker and we should own that breakfast. So – because the Minister can talk about energy efficiency and Eskom and the 49 M campaign in that session. So yes. The fact that he already said yes to be the guest speaker had no bearing on our decision because the decision or the instruction had already come that you will do it.

**ADV MBIKIWA:** Indeed and Mr Pretorius do I understand correctly and

this is – I am jumping ahead a little bit but – but – that the contract for the business breakfast that Eskom signed was signed on the 13 April but in fact operated retrospectively from the beginning of the month?

**MR PRETORIUS:** Yes.

**ADV MBIKIWA:** So that it did include Mr Gigaba's...

**MR PRETORIUS:** It did.

**ADV MBIKIWA:** Con – business breakfast?

**MR PRETORIUS:** It did yes.

**ADV MBIKIWA:** Can we then move to paragraph 39 and 40 of your  
10 affidavit and this is where you begin to talk about the conclusion of the first contract with TNA. This is at page 11 of your affidavit.

**MR PRETORIUS:** Yes.

**ADV MBIKIWA:** And you say that Mr Choeu contacted you asking you to meet with Mr Roux to quote “close the deal”.

**MR PRETORIUS:** Yes.

**ADV MBIKIWA:** Can we go to that correspondence? That is at page  
131 of the same bundle.

**MR PRETORIUS:** Yes.

**ADV MBIKIWA:** And I would like us to start from the earliest part of  
20 this correspondence which appears at the bottom of page 133. And at the bottom of page 133 Mr Choeu emails you and Mr Roux and says:

“Please meet with Jacques so you could close the deal on the TNA 49M breakfasts as part of the Minister’s National campaign.”

Can you explain what the – what 49M is and the Minister’s National



campaign?

**MR PRETORIUS:** So 49M at the time of – of the load shedding there was very – Eskom's reputation took a huge knock and there was also very little credibility within the brand. So with the creative agency at that time we sat down and we developed a strategy how could we put something between Eskom and the public? That can talk to the public because we still needed to talk to the public to save electricity and so on. So the agency came up at that stage we were 49 million South Africans in the country and that is the 49M campaign – that is what it  
 10 stand – stood for. The Deputy President Honourable Malema – ag – no sorry Motlanthe that the – the opening or the launch of the campaign. So we wanted the Deputy President's office to take – be the champion of the campaign and he took the lead in that. The Minister played a role in the 49M campaign in that I was also asked and it is not part of this questioning but I was also asked or instructed to include LSM 1, 2, 3 and 4 in the campaign. And we were specifically talking to high end users so in the residential markets so we were talking to LSM 8, 9 and  
 10 where the people have the money to waste electricity. They put under floor heating and so on and so on. So our primary market was  
 20 not LSM 1, 2, 3 and 4. But the Minister wanted to – to meet with these people and we had organised various road shows to various traditional townships within the country to promote 49M. And that is why this is part of the Minister's the comment of the Minister's National campaign.

**CHAIRPERSON:** Please enlighten me Mr Pretorius on LSM what – what

...

**MR PRETORIUS:** Sorry Chair my apologies.

**CHAIRPERSON:** I do not know much about it as you might think I do.

**MR PRETORIUS:** My apologies Chair.

**CHAIRPERSON:** Yes.

**MR PRETORIUS:** LSM is Living Lifestyle Measurement so it is an organi – it is done by SARF the South African Research Foundation. They measure the various aspects of the population. So LSM 1 would be the poorest of the poor. So they are able if you by the LSM documentation you will be able to determine where they live, how they  
10 live, what is their average income, what they own and so on and so on. So and then going to the middle classes is 5, 6, 7 and ja 4, 5, and 6 the middle classes what they own, what electricity compo – equipment they have in their house and so on and that is why that was quite important to us. So when we did our research as to the consumption the consumption was obviously in – sitting in LSM 8, 9 and 10 who are the – the wealthy people in a country.

**CHAIRPERSON:** Okay no thank you.

**ADV MBIKIWA:** And as I understand your earlier point the – the – because high income users tend to be higher users of electricity the –  
20 49M was initially directed at the higher income earners according to the – to the LSM measure?

**MR PRETORIUS:** The 49M campaign as by its name was to include the whole of South Africa to create a national movement in order to declare war on electricity wastage. That was the main aim but the primary target audience for the launch of the campaign was LSM 8, 9 and 10.

**ADV MBIKIWA:** Okay. If we can then return to the correspondence that we were at at page 133.

**CHAIRPERSON:** I am sorry. Mr Pretorius I am just interested in the – in the high use of electricity by the high income earners. Would there – what would be the difference I mean a lot of people in what you may regard as you would put at LSM – low LSM's you know have television sets there and they use electricity to – to cook and I am sure they – some have music systems and so on. So I am just interested in apart from businesses in terms of home what – what would be the type of  
10 things that the high earners do which are unlikely to be done by in terms of electricity by the low SMM's people other than that maybe high earners might have three or four television sets in the same house – house whereas maybe the people in the lower category might have one.

**MR PRETORIUS:** Chair ja. That answer to this is twofold. One is just that it is behavioural. So – although you – you refer to the lower LSM's having television, music sets and also using maybe a two plate electric stove to cook on and so on. The attitude or the behavioural aspect of those people are already in a savings mode. Because they are not high earners in terms of salaries. So they need – I have to make a choice  
20 do I send my child to school or do I cook.

**CHAIRPERSON:** Yes okay.

**MR PRETORIUS:** So they already...

**CHAIRPERSON:** They care more about saving.

**MR PRETORIUS:** Exactly.

**CHAIRPERSON:** And therefore with regard to electricity they would be

trying to use it minimally.

**MR PRETORIUS:** Especially because of – of the price and so.

**CHAIRPERSON:** Yes.

**MR PRETORIUS:** So they would already be frugal.

**CHAIRPERSON:** Hm.

**MR PRETORIUS:** To answer the second part of the question Chair where you asked what does the higher LSM have that the lower LSM does not have. Yes you are quite right. They might have three or four television sets.

10 **CHAIRPERSON:** Hm.

**MR PRETORIUS:** They have dishwashers.

**CHAIRPERSON:** Hm.

**MR PRETORIUS:** Which you will not find in the lower LSM. They have automatic washing machines, tumble driers, under floor heating, swimming pools and so on.

**CHAIRPERSON:** Hm.

**MR PRETORIUS:** So for us – for Eskom in particular at that point in time was the peak period in the afternoon. So from 5 to 8 or 5 to 9 was the peak period. So we did not want those people with the swimming  
20 pools and so on and the automatic washing machines and during winter to switch on all these stuff during peak time because it created a problem for Eskom.

**CHAIRPERSON:** Hm.

**MR PRETORIUS:** Because that is when we ran out of capacity and that we had to go into load shedding as a last resort.

**CHAIRPERSON:** Hm. Well I guess you also true would be that because they are wealthy the question of the costs might not be a big thing to them.

**MR PRETORIUS:** Chair the...

**CHAIRPERSON:** Compared to people at lower levels.

**MR PRETORIUS:** So Chair the research that we did specifically after the 2008 and to set ourselves up to deal with – with load shedding because remember it was – it was a long term issue that we had to deal with as a country. So the research that we had done is we looked at –  
10 at convenience factor, cost and the environment. Sadly the environment did not score very high. People did not want to save electricity to save the environment. They did not want to. There was a very few people that made the connection and only in the higher LSM. In the lower LSM there was no appetite for saving for environment. The cost element was at the lower LSM and at the higher LSM was the convenience factor. I have money, you are supposed to supply electricity so supply me with electricity. I am not cutting back and I have the money to pay for it. So that was the attitude that the higher LSM's had at that point in time.

20 **CHAIRPERSON:** Thank you.

**ADV MBIKIWA:** Thank you. Mr Pretorius can we then return to the correspondence at page 133?

**MR PRETORIUS:** Yes.

**ADV MBIKIWA:** In response to Mr Choeu's email if we move up the page Mr Roux responds:

“Thanks Mr Choeu for suggesting the meeting and  
asks when would be – when you would be available”

And then further up the page you respond to him and you say:

“Hi Jacques perhaps in preparation for our meeting  
you could put a sales proposal together.”

Now that – that suggests that – by that point you had not received a  
sales proposals?

**MR PRETORIUS:** We had received a proposal that was one sided. So  
the proposal that they came and saw us with - with the breakfasts and -  
10 and the advertising was in there but subsequent to that as I said there  
is - many meetings have taken place ...

**ADV MBIKIWA:** Huh-uh.

**MR PRETORIUS:** Across - with Mr Choeu and Mr Howa - (clearing  
throat) my apologies and so we were at a different point in that and I  
had a budget in - in mind which I got from - from Mr Choeu saying how  
much we should be spending with The New Age. So that is why I asked  
him for a sales proposal ...

**ADV MBIKIWA:** Yes.

**MR PRETORIUS:** Because now we had two components in - in this  
20 document. We had the sponsorship component and we had the  
advertising component.

**ADV MBIKIWA:** And - and in this email you ask that - that he provide  
some sort of discount or added value if you are going to enter into a 12  
month sponsorship.

**MR PRETORIUS:** Yes. My middle name is “Added Value”.

**ADV MBIKIWA:** If we can then ...

**CHAIRPERSON:** So this is at a time when you were now basically now carrying out the instruction that you were told had been given?

**MR PRETORIUS:** Yes.

**CHAIRPERSON:** Okay.

**ADV MBIKIWA:** And - and Chair if I can ask a follow on question from that. Is your understanding from Mr Choeu's email at the bottom of the page of "close the deal" ...

**MR PRETORIUS:** Hm.

10 **ADV MBIKIWA:** That you must go ahead and sign the contract?

**MR PRETORIUS:** Yes.

**ADV MBIKIWA:** If we then turn to page 132 at the bottom Mr Roux says that they have kept four breakfast's open for Eskom to sponsor.

**MR PRETORIUS:** Yes.

**ADV MBIKIWA:** And then in the middle of the page Mr Choeu responds to Mr - to Mr Roux and he says that the 49M breakfast that we are proposing here are the breakfasts that would be aligned to the Minister's 49M National Campaign and he asks for the breakfasts to be specifically styled in - in the 49M style - design.

20 **CHAIRPERSON:** I think I have lost you Mr ...

**ADV MBIKIWA:** I apologise Chair.

**CHAIRPERSON:** Where ...?

**ADV MBIKIWA:** We are on page 132. It is my fault. I did not indicate.

**CHAIRPERSON:** Yes.

**ADV MBIKIWA:** When we get to correspondence we - we need to work

backwards in order to go in chronological order.

**CHAIRPERSON:** Yes.

**ADV MBIKIWA:** So - so I started on page 130 ...

**CHAIRPERSON:** You can - you can rest assured I know that part.

**ADV MBIKIWA:** We started on page 133 and we are now on page 132.

**CHAIRPERSON:** Yes. Okay.

**ADV MBIKIWA:** And I am in the middle of the page. I am looking at Mr Choeu's' email.

**CHAIRPERSON:** Okay.

10 **ADV MBIKIWA:** And I see there that someone by the name of Mr Mzwandile Radebe ...

**MR PRETORIUS:** (Intervenes).

**ADV MBIKIWA:** Is copied.

**MR PRETORIUS:** Yes.

**ADV MBIKIWA:** Who is that?

**CHAIRPERSON:** It would be Radebe.

**ADV MBIKIWA:** Radebe. Apologies Chair.

**CHAIRPERSON:** Mr Radebe.

20 **MR PRETORIUS:** Mr Radebe - Mzwandile Radebe was working directly with the Minister and was the liaison between us and the Minister. I am not sure what his official title and role was at DPE but he was not there Head of Communication. So it would be unusual for us - for my department because I am not responsible for stakeholder engagement to engage with - with anybody else at DPE other than the Head of Communication.



**ADV MBIKIWA:** And when you referred earlier to people within the Minister's Office being copied on correspondence were you referring to an email such as this?

**MR PRETORIUS:** I was referring to Mr Radebe because instructions came from him verbally. I just wanted to mention actually earlier that and - and it relates to a question that the Chair asked earlier. That unfortunately I did ask for - arrogantly asked for this to be put in writing because I do not - I will not execute this if the - if it is not in writing.

10 **CHAIRPERSON:** Yes.

**MR PRETORIUS:** I never received any of the instructions in writing.

**CHAIRPERSON:** Now you - you - your request for this to be in writing was it directed at Mr Choeu?

**MR PRETORIUS:** Yes.

**CHAIRPERSON:** Did he promise to give it in writing? He did not?

**MR PRETORIUS:** He did ...

**CHAIRPERSON:** As far as you remember. He did not?

**MR PRETORIUS:** No.

**CHAIRPERSON:** But you never received the written instruction?

20 **MR PRETORIUS:** Neither did we receive written instruction from Mr Dames.

**CHAIRPERSON:** Yes.

**MR PRETORIUS:** So we were sort of court in the middle of this ...

**CHAIRPERSON:** Hm.

**MR PRETORIUS:** And this is when - when Mr Roux starts copying

Mzwandile. Mzwandile was giving instructions to everybody. To the Chairs of the various State Owned Entities, the CE's, to us. So if Mzwandile asked us to - to put a pink pillow on the Minister's chair. We had to do it. We had no - no questions asked. You just do it ...

**CHAIRPERSON:** Hm.

**MR PRETORIUS:** And if you did not do it then he reported you to the Minister.

**CHAIRPERSON:** Hm.

**MR PRETORIUS:** So that made it very - incredibly difficult for us to -  
10 to operate ...

**CHAIRPERSON:** Hm.

**MR PRETORIUS:** As an independent State Owned Entity.

**CHAIRPERSON:** Hm, hm. I guess that a lot of what Mr Pretorius may have to say about such instructions might come out in the other phase that Ms Hofmeyr talked about where I could be told more about some of those things.

**ADV MBIKIWA:** Indeed Chair.

**CHAIRPERSON:** Yes. So - so I am just mentioning Mr Pretorius in case anybody might wonder why we are not probing into some of the  
20 things you are mentioning. That Ms Hofmeyr did say that there will be another phase where ...

**MR PRETORIUS:** Yes.

**CHAIRPERSON:** Some of the - of the Eskom witnesses would come back and then deal with other matters.

**MR PRETORIUS:** Yes Chair.

**CHAIRPERSON:** Yes. Okay.

**MR PRETORIUS:** I understand.

**CHAIRPERSON:** Thank you.

**ADV MBIKIWA:** Then Mr Pretorius if we can go further up the correspondence. Mr Roux then thanks you for the update. Says it is an exciting opportunity that they will be willing to explore with you and then suggests that you close the initial deal of the four breakfasts first this week.

**MR PRETORIUS:** Yes.

10 **ADV MBIKIWA:** If you then turn over to page 131. Mr Choeu three says that you - you will - that you will be working with Pieter - that is you - and Tshepo. Who is that?

**MR PRETORIUS:** It is Mr Moremi, my GM - General Manager - that I reported to directly.

**ADV MBIKIWA:** Okay and - and then the correspondence ends towards the top of the page with a meeting scheduled for the next day. Do you recall if that meeting took place?

**MR PRETORIUS:** Yes.

**ADV MBIKIWA:** And what occurred at that meeting?

20 **MR PRETORIUS:** That is where Mr Roux and presented the proposal to us and it was still about the business breakfast and some advertising and I said to him that we will have a look at it and come back to him on that.

**ADV MBIKIWA:** And - and how did the proposal at this point differ from the previous meeting that you had?

**MR PRETORIUS:** If I remember correctly that there was - the advertising spent was much higher than what we were willing to spend from the proposals and this had four breakfasts in. They were talking about four breakfasts for Eskom which later then changed to six and because he - Mr Roux had indicated that they had sold all the other breakfasts.

So there was only four left and he kept those specifically for Eskom. However two - two breakfasts were added to the contract at a later stage.

10 **ADV MBIKIWA:** And - and how did you respond at that meeting to - to the request?

**MR PRETORIUS:** So I said to Mr Roux that I will discuss it with my media agency. So I discussed it with Donald Depoko (?) who was the Business Unit Head at MediaShop and I asked Donald to - Mr Depoko (?) to come up with a proposal that is more palatable for Eskom.

**ADV MBIKIWA:** Okay. Let - let us just pause there. You mentioned the MediaShop. What is the MediaShop?

**MR PRETORIUS:** The MediaShop was our media buying agency.

20 **ADV MBIKIWA:** Right.

**MR PRETORIUS:** At the time.

**ADV MBIKIWA:** And - and Mr Depoko (?)?

**MR PRETORIUS:** He was working for MediaShop and he was the Business Unit Director on the Eskom business.

**ADV MBIKIWA:** And - and did Mr Depoko (?) express any - any

reservations about the - the contract?

**MR PRETORIUS**: Yes. He did.

**ADV MBIKIWA**: What did he say?

**MR PRETORIUS**: He also agreed with me that it is not a - a good idea to go ahead with this and I said to him Donald we have no choice. We have to do this.

**ADV MBIKIWA**: And was it normal practice for a sponsorship agreement - which I understand the business breakfast component to be - to go through a media buying agency such as the MediaShop?

10 **MR PRETORIUS**: Well not the sponsorship component but this - this particular proposal contained an advertising component. So we said that because of that we will put - to put it through the MediaShop. The issue here Chair was that if we wanted to enter into an agreement - this was my advice to Mr Choeu at the time.

If we enter into an agreement with The New Age we might find the other media asking why were we - we not given an opportunity and according to Eskom's Procurement Rules and Regulations that it should go out on open tender, but if I was to - gone to place an advert in the Sunday Times because I have gone through open tender to appoint a  
20 media agency as the media buying agency I would just say to - to MediaShop that we want to place an advert in the Sunday Times for a new Chief Executive or whatever the case may be.

So that is - is different but this New Age had a proposal which they believed rightly or wrongly that could help Eskom solve its problems, but we had not checked the market. So we would have - the

- the prudent thing would have been to do an RFI - a request for information first to see - to test the market and then decide on a process.

That - that would have been the prudent thing, but because we did not have a choice I suggested that we add the advertising component and we do it through MediaShop.

**ADV MBIKIWA:** Can I then ask you to turn to the next chain of - of correspondence? That is on page 139. It is Annexure 5. At the bottom of the page and then of course it - it goes over to page 140. Mr Roux  
10 contacts you and thanks you for your meeting. Attaches a presentation of the event as well as an estimate of the investment breakdown.

**MR PRETORIUS:** Yes.

**ADV MBIKIWA:** You then - if we go further up on page 139 - contacts Mr Depoko (?) ...

**MR PRETORIUS:** Yes.

**ADV MBIKIWA:** And you - you set out there a - a division of responsibilities.

**MR PRETORIUS:** Yes.

**ADV MBIKIWA:** Can you - can you explain that to us?

20 **MR PRETORIUS:** I - I wanted to make sure that The New Age takes care of what they - that it is documented that they will take care of what they said in the proposal which was a PowerPoint presentation. This was to be a contract that they needed to be signed. So that there is a clear - we understood that there is a division of - of duties or/and responsibilities and that is what we - that is why I am saying we will -

what Eskom will do and what they are supposed to do.

**ADV MBIKIWA:** And then if we go over to - to 138. Mr Depoko (?) responds to you and says Tshepo has impressed on me the importance of finalising this proposal with TNA and he has committed R10 million to TNA.

**MR PRETORIUS:** Yes.

**CHAIRPERSON:** The - these interactions at this stage were in regard to both The New Age and the breakfast shows?

**MR PRETORIUS:** Yes. The advertising and the breakfast, yes.

10 **CHAIRPERSON:** The advertising and the breakfast shows?

**MR PRETORIUS:** Yes.

**ADV MBIKIWA:** Chair perhaps to - to make that clear ...

**CHAIRPERSON:** Yes.

**ADV MBIKIWA:** If you - if you go to page 142 that is the attachment to Mr Depoko's (?) email at the top of 138. So ...

**CHAIRPERSON:** Yes.

**ADV MBIKIWA:** On 142 is the - is the breakdown ...

**CHAIRPERSON:** Yes.

**ADV MBIKIWA:** Of the proposed spend.

20 **CHAIRPERSON:** Yes.

**ADV MBIKIWA:** Mr Pretorius could you just take us through this table and explain to us what here is - is the advertising and what is the business breakfast?

**MR PRETORIUS:** So the top part talks about the Eskom programs. Those are the various Eskom programs that we were running at the

time - the Eskom Development Foundation Energy Losses Integrated Demand Management. Then we took a proposition - Mr Depoko (?) took a present - ag - a percentage of their budget spend and then calculated their contribution to the R4 million that we were going to spend on advertising with - with The New Age.

So you will see right at the bottom 49M we had to contribute 20 percent because we had the highest budget. So we had to - to place R800 000 worth of advertising. So that is the first component. The second ...

10 **ADV MBIKIWA:** Just to pause you there. So in other words the top - the top eight rows are all related to advertising?

**MR PRETORIUS:** Yes.

**ADV MBIKIWA:** In - in The New Age Newspaper?

**MR PRETORIUS:** Yes. So each of the - these - these Program Managers were made aware and said this is - you are responsible to - to - or you must make sure that in your media plans you include New Age and for the Eskom Development Foundation you need to spend R160 000 over the year.

**ADV MBIKIWA:** Okay and then let us - let us move down to the - to the  
20 - where - where it reads brand 100 percent and it gives a figure of 7.185 million.

**MR PRETORIUS:** That is for the business breakfast. So that was to talk to - to the brand and the 49M brand. (Coughing) my apologies.

**ADV MBIKIWA:** And ...

**CHAIRPERSON:** I am sorry. Just explain that to me.



**MR PRETORIUS:** Sorry Chair that was ...

**CHAIRPERSON:** The brand part. What was to be done? Why was it to be done? Who was going to do it?

**MR PRETORIUS:** So this is the business breakfasts. So the - the R7.2 million that we spent was to - the sponsorship for the - for the business breakfasts. So we would pay a million Rand to New Age for the business breakfast. I am not sure if I am ...

**CHAIRPERSON:** To - to say for the - for the business breakfast what - what does that mean? For what exactly?

10 **MR PRETORIUS:** Okay.

**CHAIRPERSON:** In terms of Eskom.

**MR PRETORIUS:** Chair so for the - the format - am not sure if you are asking about the format of the business breakfast.

**CHAIRPERSON:** Well I am - I am trying to - to understand what Eskom was going to get for that R7 million.

**MR PRETORIUS:** Okay. So we were going to get six breakfasts over the course of the year. The - the speakers at the breakfast was determined by The New Age. Not by Eskom. So they would have a Minister and they would have a breakfast and they would say okay

20 Eskom here is an opportunity. Then we - we or Transnet would take the opportunity to - to sponsor that breakfast. So the sponsorship then included that we would have branding in the venue similar ...

**CHAIRPERSON:** Just - just like this?

**MR PRETORIUS:** Exactly.

**CHAIRPERSON:** Pictures like this. The difference is it is Eskom - it is

written Eskom.

**MR PRETORIUS:** Well it was - it was 49M Chair.

**CHAIRPERSON:** 49M?

**MR PRETORIUS:** And - and New Age was a backdrop banner exactly as that is behind you and then we had opportunity to put up some pull up banners and then we had an opportunity to - the Editor of The New Age always sort of opened the breakfast and then Eskom - an Eskom representative of Exco or the Chairman or the Chief Executive was given an opportunity to do a speech, but this was off air.

10                   It was not on air. So nobody other than the people in the venue heard this. Then the breakfast was served and then they went live to - to the - the SABC2 Morning Live and then Mr Ndoro would ask questions to the Minister - whoever is there - and even then the - the public then via Twitter and via the studio SMS line also asked questions and Mr Ndoro from SABC then asked those questions as well.

                  The challenge that one - I had with - with all of this was that the Minister if it is the Minister of Water Affairs and Sanitation that Minister will not talk about 49M and energy efficiency. That Minister will talk about her or his portfolio. Not about energy efficiency. So for  
20   me it did not make sense to have that Minister because the message that I needed to get out was to get 49 million people to rally around energy efficiency.

                  So once we have made the speech - the Eskom speech and they went on air we never as Eskom got the opportunity to talk about 49M and what it stands for and so. There may have been - and I admit

to that - there may have been the odd comment or question around 49M or energy efficiency from Mr Ndoro but it was not common practice.

**CHAIRPERSON:** But even before you get to whether it is somebody from Eskom - whether somebody from Eskom speaks to the people present or his or her speech is broadcast on television even before you get there. Why did - why would Eskom want to spend money - maybe let us leave that part of speaking for now.

Why would they spend such a lot of money for simply having these things at such breakfasts and even if they are shown on TV and  
10 so what?

**MR PRETORIUS:** No Chair. I cannot answer that question. It - it did not make sense to me either.

**CHAIRPERSON:** Yes. No. I - I mean I know I have read your statement. I know your difficulties with it. I - I mean I - I could understand maybe - I could understand that maybe if a private business wants to advertise their business and so on and so on. Maybe it might make some sense depending on what they pay for it, but Eskom is a - is a State Owned Entity and why - why is it important to it to just have its name in such breakfast shows - just the name?

20 **MR PRETORIUS:** No Chair. It did not make sense because it was not even the Eskom logo. It was the 49M logo which was ...

**CHAIRPERSON:** Yes.

**MR PRETORIUS:** Completely a different brand.

**CHAIRPERSON:** Yes.

**MR PRETORIUS:** It was black and - and yellow ...

**CHAIRPERSON:** Yes.

**MR PRETORIUS:** And Eskom's corporate colours are blue.

**CHAIRPERSON:** Yes.

**MR PRETORIUS:** So the 49M logo if you did not have context around it some people in - in the market research that we did at that time some people thought it was a radio station.

**CHAIRPERSON:** Yes. Well I am not surprised.

**MR PRETORIUS:** So - so we - we did not have the opportunity to engage on 49M. Plus if you look at the - the target market the people  
10 that watch SABC Morning Live were also not our primary target market  
...

**CHAIRPERSON:** Hm.

**MR PRETORIUS:** Because it goes up to ANN6 and people that at 9 o'clock in the morning is still at home ...

**CHAIRPERSON:** Hm.

**MR PRETORIUS:** Watching television are most probably economically inactive.

**CHAIRPERSON:** Hm, hm.

**MR PRETORIUS:** So they are not part of the target market ...

20 **CHAIRPERSON:** Hm.

**MR PRETORIUS:** And they are not the decision makers when it comes to what we pay or what we spend the money on.

**CHAIRPERSON:** Hm.

**MR PRETORIUS:** So for us as an organisation it would not - for me a marketer and for us as an organisation that would not be sufficient. I

would not pay a million Rand ...

**CHAIRPERSON:** Hm.

**MR PRETORIUS:** For that. I would negotiate a completely different package, but as I have mentioned before Chair we were forced into this ...

**CHAIRPERSON:** Hm.

**MR PRETORIUS:** And this was the format ...

**CHAIRPERSON:** Hm.

**MR PRETORIUS:** And when the - there was a period in - in - during the  
10 - The New Age Breakfast that the other media had complained about this and - and why - why is - is The New Age and Eskom or State Owned Entities in this transaction and The New Age's reaction to that was on their - they wrote in - in the newspaper that other newspapers are just jealous because they came up with this concept but it was not true because Mail & Guardian during POP17 had come up with exactly the same concept which we - Eskom sponsored for R300 000 at POP17 in Durban where we had a far better brand exposure and we had an opportunity to talk about our sustainability and environmental issues at - at that event.

20                   So if you take that an example versus this as an example. It just simply makes no financial sense for Eskom to spend that kind of money on a breakfast and then I am - I know I am jumping head - but then Chair you also have to ask yourselves the question. If you are selling seats. So I am paying for my breakfast.

**CHAIRPERSON:** Yes. Well I was still coming there.

**MR PRETORIUS:** Okay.

**CHAIRPERSON:** No. No. Continue, because I am looking at exactly what you pay 7 million or a million Rand per breakfast show for.

**MR PRETORIUS:** So the - the tables will be sold. So Eskom got two tables of 10. So that is 20 seats and then two - two seats at the main table - whoever the Minister was that was there. We - we would have two seats there. Unfortunately because of the reputation of - of The New Age which spread very quickly.

You found it very difficult to get people to - to fill the tables.

10 So some of the tables were filled by Eskom staff and that defeats the object, but those - those tables - the rest of the people in the venue would pay for their - for their seats.

**CHAIRPERSON:** Their seats?

**MR PRETORIUS:** Ja. So if one is financially astute you would calculate the cost of the ticket which will include those 20 seats that you are giving away for free or 22 seats that you are giving away for free - you would include it in the cost of whatever a seat was. I cannot remember how much it was.

20 So they would sell those seats which would pay for the breakfast, would pay for the - the venue hire and table decorations if there was flower - I cannot remember if there were flowers on the table and so on, but nothing elaborate. No elaborate breakfast. It was a normal kind of breakfast at - at a three, four - four or five star hotel.

So my question was where does my million Rand go because it cannot go into the business breakfast because you have already paid

for that by selling tables and - and seats. So where does the million Rand go because this is Eskom money. It is public money. Why is it going there?

So my - that was my question and I asked this question to Jacques and I asked the same question to Mr Howa as well. I am yet to receive an answer.

**CHAIRPERSON:** And at that time Mr Choeu was he in agreement with your views about the breakfast shows and advertising on - on The New Age except that he said we are under instruction or something like that  
10 or did have different views?

**MR PRETORIUS:** Mr Choeu has a different style Chair if I may - Mr Choeu always used the - the phrase you need to manage your boss. So you need to manage upwards. So I needed to manage him which I failed to do, but ...

**CHAIRPERSON:** Hm.

**MR PRETORIUS:** So Mr Choeu said Pieter way make yourself sick by worrying about this because there is nothing you can do about this.

**CHAIRPERSON:** Hm.

**MR PRETORIUS:** So let us do this to the best of our ability ...

20 **CHAIRPERSON:** Hm.

**MR PRETORIUS:** Because this is what we have been instructed to do ...

**CHAIRPERSON:** Hm.

**MR PRETORIUS:** Or told to do.

**CHAIRPERSON:** Hm.

**MR PRETORIUS:** So he has a different style in terms of that.

**CHAIRPERSON:** Yes.

**MR PRETORIUS:** I think and - and when Mr Choeu testifies you can check with him but I think that Mr Choeu had very similar views ...

**CHAIRPERSON:** Hm.

**MR PRETORIUS:** Around this ...

**CHAIRPERSON:** Hm.

**MR PRETORIUS:** Than what I have.

**CHAIRPERSON:** Hm. Okay. Thank you, but even if the Eskom  
10 representative were to be allowed to speak and his or her speech was  
allowed -was broadcast. Would the position not be that if - if Eskom  
wanted to address the public about any issue of interest such as load  
shedding if they called a media conference they could easily get that  
broadcast?

**MR PRETORIUS:** Yes; and we do Chair.

**CHAIRPERSON:** Yes.

**MR PRETORIUS:** So if we call a media conference I mean ...

**CHAIRPERSON:** Yes.

**MR PRETORIUS:** Everybody attends and it is lined with cameras in - in  
20 our ...

**CHAIRPERSON:** And you pay nothing for it.

**MR PRETORIUS:** We pay nothing for it.

**CHAIRPERSON:** Ja. Okay. Thank you.

**ADV MBIKIWA:** Thank you Chair. I am - I am indebted for those  
questions because that - that traverses much of the ground I wanted to



cover on - on value for money.

**CHAIRPERSON:** Okay. Okay.

**ADV MBIKIWA:** Just two residual issues on that score, the one is, Mr Pretorius do you know whether the New Age, as part of the costs you referred to was paying for the broadcast – paying SABC to broadcast the show?

**MR PRETORIUS:** My understanding, it was for free.

**ADV MBIKIWA:** and you mentioned earlier that the – while it was broadcast on SABC2 the morning live show didn't target the LSM Group  
10 that 49M was directed at, being the higher LSM Groups. Chair, Mr Pretorius has attached to his affidavit a presentation done by the Media Shop which indicates that 28% of the viewers of morning live were from the high LSM's of 8 to 10 and that 72% were from the lower ones, It's not necessary for us to go there.

**CHAIRPERSON:** Okay.

**ADV MBIKIWA:** Ms Hofmeyr reminds me that there is one important aspect of that presentation, it's at page 165 of MM1A.

**CHAIRPERSON:** Yes.

**ADV MBIKIWA:** You see there that underneath the table it says that in  
20 2012 Morning Live had an average of 600 000 adults who viewed the programme. The data that I just gave you Chair is immediately below that of the 28% of the higher...[intervenes].

**CHAIRPERSON:** Yes I can see that ja.

**ADV MBIKIWA:** Thank you...[intervenes].

**CHAIRPERSON:** Of course – I don't know to what extent, at that

stage, this might have been a factor, namely illegal connections may have been an issue that may have needed to be attended to as well as part of saving electricity but I don't know whether those who engage in illegal connections would have any incentive not to use electricity because they would not be paying for it anyway.

**MR PRETORIUS:** Chair if I may you refer you back to page 142 with the table that Mr Tobogo had put together you will see that on that table that there's – the second programme from the top says energy losses programme. So energy losses, there's two types of losses in  
10 electricity, technical losses. So transmitting electricity over long distances you lose electricity that's why you have step-up transformers to step-up the voltage again, so that's technical losses, then non-technical losses includes everything that are illegal connections, ghost vending, whatever you can think of is part of that.

**CHAIRPERSON:** Ja okay.

**MR PRETORIUS:** And then just underneath, integrated demand management is a programme called public safety. Public safety is a legal requirement for Eskom that we have to inform the public of the dangers of electricity so that people don't climb pile-ons and touch  
20 wires and so on and so on and the public safety campaign does not necessarily look at illegal connections but unsafe connections. So both of those are also covered in that. So if the question was, why did we not talk about this on morning live, we never got the opportunity because I said to Mr Hova that we need to, then the first 30 minutes of the programme that is being broadcast needs to be an Eskom

representative talking on one of these topics but that never materialised.

**CHAIRPERSON:** But of course SABC would allow a Eskom representative to come and be interviewed on issues of – such issues, public interest issues I would imagine, maybe not as regularly as Eskom would like but I would imagine that they would be interested in Eskom conscientising people about, for example saving electricity and talking against illegal connections and you know being safe with electricity.

10 **MR PRETORIUS:** Chair we had a meeting with one of the Boards of the SABC of which there were many and at that Board meeting we had presented this and the Board – sorry not the Board, the Exco had agreed of the SABC that yes, we will or they will and they will include it into the DJ's or the on-Air talent's narratives talking about the electricity safety, saving electricity etcetera, etcetera. Unfortunately, things unfolded differently at SABC so that agreement became null and void because a new Board – new members were appointed and then the whole debacle around the SABC that you're aware of I'm sure.

**CHAIRPERSON:** Do you recall around about when those discussions  
20 had been...[intervenes].

**MR PRETORIUS:** I'm trying to think who the Chairperson was because...(intervenes).

**CHAIRPERSON:** Yes because I think Mr Mbikiwa mentioned there was a new Board in 2015 or was it Ms Hofmeyr?

**ADV MBIKIWA:** It was Ms Hofmeyr, it was appointed at the end of

2014 – December 2014.

**CHAIRPERSON:** Yes, Mmm. Does that more or less ring a bell in terms of...[intervenes].

**MR PRETORIUS:** Ja it could be – it could have been that – at that time, the Chief Executive was a lady who came up through the ranks at SABC, she used to work at Eskom and that's how I knew her.

**CHAIRPERSON:** Okay.

**MR PRETORIUS:** And now her name has just – I'm not good with names Chair.

10 **CHAIRPERSON:** Mkobo not Mkobo something.

**MR PRETORIUS:** No.

**CHAIRPERSON:** But you say there had been discussions between Eskom and the Board of SABC at a certain time, precisely relating to Eskom being given an opportunity to talk at SABC and talk to the public about electricity saving and safety and so on and on a number of issues and that didn't happen, even though an agreement had been reached because there was a new Board that came and things took a different direction?

**MR PRETORIUS:** Yes Chair.

20 **CHAIRPERSON:** And of course you were not going to pay anything or were you going to pay anything with SABC?

**MR PRETORIUS:** Chair this is where there was always a contentious issue between Eskom and the SABC, we see public safety as a public service announcement a PSA which we should not be paying for. The SABC sales people who are the people that we deal with have certain

targets to make an order for them to get bonuses. So the PSA or the public service announcements never went any further. We had meetings with the Education Department within the SABC around this, we had asked our Chairman to meet with their Chairman which had taken place and they agreed but it never ever got implemented. So we always paid so all of these programmes...[intervenes].

**CHAIRPERSON:** But nothing anywhere near what we are looking at here...[intervenes].

**MR PRETORIUS:** Sorry Chair for interrupting it would be more than  
10 what we spent here on New Age.

**CHAIRPERSON:** Oh?

**MR PRETORIUS:** Yes.

**CHAIRPERSON:** Oh that's – that comes as a surprise to me, okay alright.

**ADV MBIKIWA:** Mr Pretorius can we then turn to the first contract that Eskom entered into with the New Age, you describe that from paragraph 48 of your affidavit but – sorry I'd like you to go to the contract itself, that's at PP6 on page 144.

**MR PRETORIUS:** Yes.

20 **ADV MBIKIWA:** You'll see that at clauses 1 and 2 the advertising and business breakfast sponsorships commitments are set out, that's what we've been discussing, the R4million and the R7.1million but what I'd like to refer you to is to page 149, that's Annexure B.

**MR PRETORIUS:** Yes.

**ADV MBIKIWA:** This, as I understand it, is a table that sets out how

the million rands is arrived at, is that correct?

**MR PRETORIUS:** Yes.

**ADV MBIKIWA:** And could you give us your comment on the values that are attributed to each of these items, to SABC live coverage, brand naming, advertising coverage?

**MR PRETORIUS:** The SABC live coverage, R627 000 is a bit low in my opinion I can't give you the exact figure because I'd have to calculate it per 30 seconds.

**ADV MBIKIWA:** It's low as a value but it's R627 000 too high as an  
10 actual cost to TNA?

**MR PRETORIUS:** No but they've – Eskom did not derive the value from R627 000 because the discussion on-air was not about Eskom. So in my opinion that has no relation to Eskom...[intervenes].

**ADV MBIKIWA:** And – sorry to interrupt you, that's partly because, as you say, the Ministers who did speak or the Eskom representatives who did speak about Eskom spoke before the broadcast was actually televised?

**MR PRETORIUS:** Yes, so the Minister would be talking about whatever, their portfolio would be. The advertising coverage of  
20 R377 000 that would be the adverts in the New Age, so it is very difficult to determine that because there is no audited bureau of circulation figure, it is very difficult to determine the cost of advertising, the cost of an advert in the New Age. So the New Age had taken a very expensive model in charging for advertising there but I don't believe in, as a marketer that we derived any of that value from

that. The venue hire was covered by the ticket sales, the catering was covered by the ticket sales – sorry the editorial coverage is valued at R406 000, there was very little editorial coverage. In the beginning there was on the Minister but thereafter – on Minister Gigaba and DPE but thereafter the coverage – the editorial coverage was not about Eskom, it was what the Minister was talking about. So that was actually to no value to Eskom, the catering as I said has been – they put a value for the banner at the back of – on the stage at R300 000, I have no idea how they derived that value. The subscriptions of  
 10 R207 000, so they - the subscriptions eventually was free, they just dropped it at our offices and other places, offices and the tables – the two tables and the two guests is what he – Jacques had given me and say this is what it costs.

**ADV MBIKIWA:** Thank you, to wrap up on the first contract, can I just confirm in terms of the extent to which it complied or the manner in which it was entered into complied with the sponsorship policy at the time. Was there an available budget before it was entered into?

**MR PRETORIUS:** No.

**ADV MBIKIWA:** So how was it financed?

20 **MR PRETORIUS:** It was financed, initially from my marketing budget, so the first couple of breakfasts I paid for from the marketing budget before I applied for more money.

**ADV MBIKIWA:** And you gave evidence earlier that in terms of the sponsorship policy a proposal like this would have to be assessed against the criteria in the policy, was it ever assessed?

**MR PRETORIUS:** No it was not.

**ADV MBIKIWA:** And was it ever submitted to a sponsorship Committee?

**MR PRETORIUS:** No it was not.

**ADV MBIKIWA:** So would it be fair to say it didn't comply with the sponsorship policy at all?

**MR PRETORIUS:** To be fair I would have to say it has to go through the criteria and the sponsorship professionals in my department would have to do that, but my gut feel tells me that this would not  
10 have...[intervenes].

**ADV MBIKIWA:** Yes sorry, Mr Pretorius perhaps it's the way I phrased the question. I don't mean you to apply the sponsorship policy to it, I simply mean that the sponsorship policy was not applied at all?

**MR PRETORIUS:** No it wasn't.

**ADV MBIKIWA:** Thank you, just the last point on the first contract, you say at paragraph 60 of your affidavit that you repeatedly raised the concerns about lack of value with Mr Choeu the lack of value you were getting from these agreements, can you tell us how you raised these concerns and what his response was?

20 **MR PRETORIUS:** It was mostly verbal, I don't think I specifically put it in writing so in my one-on-one meetings on my portfolio with Mr Choeu I would have – I raised this. My concern was that this was coming back to bite us and there isn't proper governance followed, that was my biggest concern internally, apart from the fact that we were not deriving the value, internally there wasn't the proper process being followed and



that is what I raised with Mr Choeu. Mr Choeu's reaction to this was, once again, on a previous question that the Chair asked, Peter don't fight this, it's already happening so let's just do this because we have to do this.

**ADV MBIKIWA:** Okay I'd like now to move onto what you describe as the second contract. It isn't necessary for us to deal with this in anything near level of detail that we dealt with the first because – and correct me if I'm wrong, but I understand many of the concerns you have with the first contract will apply equally to the second?

10 **MR PRETORIUS:** More so because between the first and the second contract we started getting Parliamentary questions around the New Age and we had to answer those questions and as I predicted that we were going to get a backlash from this.

**ADV MBIKIWA:** Ja and I'll address that in some detail in due course. Can we just deal with the question of accredited circulation figures from ABC? Can you start by just explaining to me what circulation is as opposed to readership?

**MR PRETORIUS:** So the circulation is the actual transaction that takes place, you buy a newspaper and you pay a certain amount for  
20 that newspaper and that's readership so X amount of people buy the newspaper and that is circulation. However, I take that newspaper home and I have a wife and I have adult children who also read the newspaper and that becomes the readership. So most media owners, when they do a presentation to you, whether it's radio, television or print or magazines they will show you the circulation versus the

readership. The readership is not determined by ABC, the readership is determined by SAAFF or AMPS which is a behavioural study that is done on brands and media. So ABC only works with the actual transaction that somebody has bought, Peter has bought a newspaper.

**ADV MBIKIWA:** That would give you circulation figures?

**MR PRETORIUS:** Yes.

**ADV MBIKIWA:** So when the New Age describes itself as having distribution numbers of 100 000 what does that refer to?

**MR PRETORIUS:** That refers to outside – they claimed that they had  
10 sales of 39 000, we don't have the proof of that, they had a print run of 100 000. For a daily national newspaper that's far too little, I mean we have 52million people in the country so I mean, not even the Sunday Times would be able to do that on a daily basis but they claimed that they had sold 39 000 copies and the rest was delivered to Eskom, SABC, SAA, Transnet and so on, so it was just a drop at our turnstiles for instance and I'd walk in and I could or could not take it.

**ADV MBIKIWA:** Yes so those newspapers are dropped off, for example at Eskom and they're dropped off for free?

**MR PRETORIUS:** Yes.

20 **ADV MBIKIWA:** Now you said earlier that readership might be higher than circulation when you've got, for example...[intervenes].

**CHAIRPERSON:** I'm sorry Mr Mbikiwa the "for free" was that for free in the sense that the staff members could just pick them up and not pay for them?

**MR PRETORIUS:** Correct Chair.

**CHAIRPERSON:** But it didn't necessarily mean that Eskom was not paying for those newspapers, directly maybe there was an indirect payment but directly?

**MR PRETORIUS:** Initially there was a contract between Eskom and the New Age where we did pay for the circulation, I was not involved in that so I can't really comment on that, I just know that there was an agreement but thereafter we said that we are no longer going to pay for the newspaper and then they came and they – and that's why Mr Roux has indicated that the subscriptions is part of the million rand and  
10 that's R207 000 that they – but it was at the turnstiles so employees to it for free.

**CHAIRPERSONS:** Okay.

**ADV MBIKIWA:** And sorry, Mr Pretorius the readership numbers might be higher than circulation numbers, where, for example a member of a family buys a newspaper and every member of the family reads it.

**MR PRETORIUS:** Yes.

**ADV MBIKIWA:** Do I understand that correctly but in a situation where newspapers are dropped at turnstiles, readership might, in fact be, significantly lower than the number of newspapers that are dropped off  
20 in that way.

**MR PRETORIUS:** It could be because people could take the newspapers because they're moving and they needed something to wrap their glasses in.

**ADV MBIKIWA:** Indeed yes.

**CHAIRPERSON:** What was your observations in terms of how much

interest there was among Eskom staff members in the publication on a daily basis, assuming that where they were dropped you could see when you came to work and when you left, did they sell like hot cakes?

**MR PRETORIUS:** Chair, ja they were – by the end of the day there was no newspaper left, so at the turnstiles where staff go through it, it was lying there so staff did take it.

**CHAIRPERSON:** They did take them?

**MR PRETORIUS:** And ja the question is, did they actually read it or did they just page through it?

10 **CHAIRPERSON:** Yes.

**MR PRETORIUS:** I don't know.

**CHAIRPERSON:** Ja okay.

**ADV MBIKIWA:** And in terms of who the New Age was reaching, can we just refer to your affidavit at paragraph 59.3, that's at page 18, you say there that the Media Shop your media buying agency determined during 2013 that it only reached 0,5% of the total population of LSM's 6 to 10 and that was the primary target market of 49M?

**MR PRETORIUS:** Yes.

**ADV MBIKIWA:** And can we move to the table that's below that which  
20 I understand was also prepared by the Media Shop.

**MR PRETORIUS:** Yes.

**ADV MBIKIWA:** Can you explain to us what the table is saying about the New Age circulation and readership numbers?

**MR PRETORIUS:** So the circulation and the first column you will see that, that's the circulation of the various newspapers and you'll see that

under New Age that is highlighted there, there's no a figure in because it's not ABC accredited. The 87 000 – the 39 000 sales that is now including readership and that research would have been done by AMPS and the CPT leadership is the cost per point, so how much does it cost me to reach one individual. As a marketing person how much am I going to spend to reach one person, so you will see the third from the top, the Business Day is at R276.47 where the New Age is at R317.00. So it simply does not make sense if you just look at the circulation of the Business Day versus the circulation and readership of New Age.

10 **ADV MBIKIWA:** Do I understand the CPT readership column to effectively be a kind of cost effectiveness measure?

**MR PRETORIUS:** Yes.

**ADV MBIKIWA:** And that the higher the number the less cost effective it is?

**MR PRETORIUS:** Yes.

**ADV MBIKIWA:** And so on that table the New Age is the least cost effective for purposes...[intervenes].

**MR PRETORIUS:** It is the least cost effective but it does not mean, just to clarify and for correctness sake, it does not mean that if it is,  
20 one does not necessarily only select on this, the medium you are going to use the cost per point because it also depends on the mix, the media mix that you're going to use at the end of the day. So this is just one indicator plus the behavioural component needs to be taken into consideration.

**ADV MBIKIWA:** Indeed thank you. Can we then move to the second

contract that's entered into? We spoke about monitoring and evaluation requirements under the sponsorship policy. A contract is entered into, the first contract and before the second contract is entered into has there been any monitoring and evaluation as to the success of the first?

**MR PRETORIUS:** None.

**ADV MBIKIWA:** Now a major difference between the first contract and the second contract is that, whereas the first contract was between the Media Shop as Eskom's agency and the New Age. Eskom was added as  
10 a party to the second contract, why is that?

**MR PRETORIUS:** So in the media business, the media owners and business – and agency business media agency business, when the media agency buys media from the media, they have 45 days to pay. They pay within 45 days they get their discounts and their commissions and all of that. So Media Shop applied the same rule to the New Age and the New Age then was not happy with this arrangement because, according to them it was taking too long and they soon then issued, via their lawyers, a letter that they're going to take Media Shop to Court because they haven't been paid. They also addressed it, Mr Chair, that  
20 this has not been paid so for this they wanted – in the second contract they wanted Eskom to be co-responsible for the payments because they needed the payments at a certain time.

**ADV MBIKIWA:** And my understanding is that this contract unlike the first contract did in fact, go to the sponsorship Committee , it was tabled before – or at least the proposal was tabled before the

sponsorship Committee, is that correct?

**MR PRETORIUS:** Ja I think so yes.

**ADV MBIKIWA:** Well can I refer you to an Annexure to Mr Choeu's affidavit, Chair we haven't admitted this as an Exhibit but it is – it's, can we call it provisionally MM2.

**CHAIRPERSON:** Well you might not need to do that, you might just need to tell him what is in the affidavit if that will assist him what the position is.

**ADV MBIKIWA:** In - attached to Mr Choeu's affidavit is a round robin  
10 resolution of the 20<sup>th</sup> of July 2012, it is a round robin resolution for purposes of a sponsorship agreement and it indicates that it has been approved by Mr Choeu and Mr Mtakati, two members and that the other ten members of that Committee all signed, not approved, do you remember this?

**MR PRETORIUS:** I recall yes.

**ADV MBIKIWA:** So do I understand it correctly then that the round robin resolution rejected the proposal?

**MR PRETORIUS:** Yes they did.

**ADV MBIKIWA:** But that the contract was nevertheless entered into?

20 **MR PRETORIUS:** Yes.

**ADV MBIKIWA:** How did that come to be...[intervenes].

**CHAIRPERSON:** Just remember to raise your voice so that it can be captured, recorded.

**MR PRETORIUS:** I apologise Chair.

**CHAIRPERSON:** Yes thank you.

**MR PRETORIUS:** Sorry, yes I do recall the round robin and the reason why the second contract was entered into in spite of the round robin was that, once again we were forced to, we were told, you will. So my opinion – personal opinion was that the New Age was suffering financially and that's why – they were not selling enough newspapers to run a newspaper and they had no way of increasing sales. So the State owned entities was used to fund this.

**CHAIRPERSON:** So this time around can you tell me more about the instruction or being forced to do this, how did that – who did this come  
10 from?

**MR PRETORIUS:** It came – I was instructed by Mr Choeu who I assumed was instructed by the Chief Executive and the Chief Executive would have been instructed by the Chairman, the Chairman by the Minister, I would assume that we have to do this.

**CHAIRPERSON:** But do you have a recollection that on this occasion Mr Choeu did say again, we have to do this because we are instructed or is the position that because of what had happened before, you assumed that there was an instruction this time around that this also should be done, which is which?

20 **MR PRETORIUS:** It's the latter.

**CHAIRPERSON:** It's the latter?

**MR PRETORIUS:** Ja I assume that this is what we need to do and in spite of the round robin there was already contract negotiations going on between the parties.

**CHAIRPERSON:** So the position would be, you don't know for sure if



there was an instruction on this occasion but as far as you played, whatever role you played you played on the understanding that it was part of – the position was that it was something that you had to do in line with the instruction that had been given earlier?

**MR PRETORIUS:** You'll see Chair, the second contract is co-signed – this person who signed the contract was Mr Choeu, so my assumption would be that it's the same – it followed the same route.

**CHAIRPERSON:** Okay.

**ADV MBIKIWA:** Chair I see it's almost time for the lunch adjournment  
10 but if I could have one more question because the one that you've just asked leads into my next one, which is, Mr Pretorius I understand that you were asked to sign – to be the signatory to the second contract?

**MR PRETORIUS:** Yes.

**ADV MBIKIWA:** But you refused on principle to do so?

**MR PRETORIUS:** I refused.

**ADV MBIKIWA:** Why did you refuse?

**MR PRETORIUS:** Because I did not want to be associated with the New Age and I had, subsequent to – well gathering from the Parliamentary questions and the discussion that were happening in the  
20 country at that time, started to realise that this is linked to the Gupta's. So I did not want to be part of that.

**ADV MBIKIWA:** Thank you Chair, we can pick that up after lunch.

**CHAIRPERSON:** And who gave the instruction that you refused was it Mr Choeu?

**MR PRETORIUS:** No, nobody gave me the instruction I...[intervenes].

**CHAIRPERSON:** You took the stand that you are not prepared?

**MR PRETORIUS:** Yes Chair.

**CHAIRPERSON:** And then you were left alone?

**MR PRETORIUS:** Ja.

**CHAIRPERSON:** Okay, thank you, we'll take the lunch adjournment, we'll resume at two o'clock. We adjourn.

**INQUIRY ADJOURNS**

**INQUIRY RESUMES**

**CHAIRPERSON:** Okay let us continue.

10 **ADV MBIKIWA:** Thank you Chair. Mr Pretorius before the lunch adjournment we were dealing with the second contract.

**MR PRETORIUS:** Yes.

**ADV MBIKIWA:** And you were explaining that you took the position that you would not sign it.

**MR PRETORIUS:** Yes.

**ADV MBIKIWA:** And that Mr Pretorius did sign it?

**MR PRETORIUS:** Yes.

**ADV MBIKIWA:** And that contract was concluded in November of 2012?

**MR PRETORIUS:** Yes.

20 **ADV MBIKIWA:** And what was – what was included in the second contract?

**MR PRETORIUS:** Only the breakfasts.

**ADV MBIKIWA:** Just breakfasts and how many?

**MR PRETORIUS:** 4.

**ADV MBIKIWA:** Okay. Can I

**CHAIRPERSON:** So under the new – under the second contract only the breakfasts were covered not advertisement in the New Age?

**MR PRETORIUS:** No. Yes Chair.

**CHAIRPERSON:** Yes.

**MR PRETORIUS:** So because they actually in the same financial year.

**CHAIRPERSON:** Oh okay.

**MR PRETORIUS:** So we had originally scheduled six breakfasts and then asked for an addi – there was an additional four.

**CHAIRPERSON:** Yes okay.

10 **MR PRETORIUS:** Yes.

**ADV MBIKIWA:** Yes can I refer you to paragraph 70 of page 21 of your affidavit? That – that sets out the – the breakfasts that were included as part of the – the second contract. Mr Pretorius according to our records there is one breakfast that is missing from that table.

**MR PRETORIUS:** That is correct yes.

**ADV MBIKIWA:** Which one is that?

**MR PRETORIUS:** That was – no there was only three breakfasts that took place in the end. I remember correctly – my memory served me – the fourth one did not take place.

20 **ADV MBIKIWA:** The – the – we will come to it in a moment but the response that was given to the Public Protector indicated that there was a breakfast that – at which Ace Magashule spoke on the 6 March 2013.

**MR PRETORIUS:** That is correct you – sorry my memory is a bit – ja – you are correct. Yes.

**ADV MBIKIWA:** Before we move onto the third – third contract which was concluded in 2014 of May 2014. I understand that – well perhaps help me with this? When did negotiations begin for a subsequent contract after the conclusion of the second contract?

**MR PRETORIUS:** The negotiations for contract or for another contract or continuation of the contract was ongoing.

**ADV MBIKIWA:** Okay.

**MR PRETORIUS:** Mr Howa and his sales people were there on quite regular basis or in contact with us by email or with Mr Pretorius in fact.

10 **ADV MBIKIWA:** Right.

**MR PRETORIUS:** They did – at that point they did not speak to me anymore.

**ADV MBIKIWA:** And at some point after the conclusion of the second contract you prepared a presentation that motivated for the – the TNA proposal to be submitted to the sponsorship committee?

**MR PRETORIUS:** That is correct yes.

**ADV MBIKIWA:** The CAD Manco Committee. Can I refer you to that presentation? It is at page 754 of MM1a. 754.

**MR PRETORIUS:** Of MM1?

20 **ADV MBIKIWA:** Of MM1a. The same file that your affidavit is contained in.

**MR PRETORIUS:** Okay.

**ADV MBIKIWA:** I apologise it is MM1b. It is MM1b I apologise.

**CHAIRPERSON:** It is B ja.

**ADV MBIKIWA:** I apologise.

**CHAIRPERSON:** 714?

**ADV MBIKIWA:** 754.

**CHAIRPERSON:** 754.

**MR PRETORIUS:** Page 754 sorry.

**ADV MBIKIWA:** Page 754. I made an error it is MM1b.

**MR PRETORIUS:** Oh okay sorry.

**ADV MBIKIWA:** Have you got the place Mr Pretorius?

**MR PRETORIUS:** You looking at the second con – no the presentation.

Sorry I am a bit lost. Page 77?

10 **ADV MBIKIWA:** 754.

**MR PRETORIUS:** Hey I should have – okay sorry I have got it.

**ADV MBIKIWA:** You have got it?

**MR PRETORIUS:** Ja.

**ADV MBIKIWA:** Do you remember this presentation?

**MR PRETORIUS:** I do indeed.

**ADV MBIKIWA:** Could you explain to us what the purpose of this presentation was?

20 **MR PRETORIUS:** Because of the previous contracts and the contract or the continuous pressure on Eskom to continue with the New Age breakfasts I wanted to make sure that we had a process or had followed a process for the subsequent New Age breakfasts. Although I did not support them I wanted to make sure that we as corporate affairs and in particular my boss is covered in terms of this. And this was my suggestion to him to make this presentation but to make it as open and fair and state the facts. So you will see on page 758 the same table

that we looked at earlier.

**ADV MBIKIWA:** Yes.

**MR PRETORIUS:** That the most expensive on 759 there penetration has them 6 to 10 and so on. So this was the whole point of – of that presentation and then my recommendations were that it is not recommended and then I sub...

**ADV MBIKIWA:** Sorry that is on page 766.

**MR PRETORIUS:** Yes sorry apologies. Page 766. This was the reasons why I did not recommend it. So just to interrupt myself for a  
10 second here. At that point in time the Eskom structure was a little bit different than what it was before it is changing now. We as corporate affairs were reporting to Enterprise Risk and MR PRETORIUS who was reporting to Ms Johnson who was the Group Executive for a number of – or divisions. So she also had her own EXCO with her direct reports and I made on page 767 I made – I said if you still feel that this needs to go further then that would be my suggestion in terms of a presentation to the Enterprise Development EXCO and then the contract could be concluded between Eskom and the New Age directly as not to involve the media agency.

20 **ADV MBIKIWA:** Okay so just help us to understand the – what is happening on 766 and 767? 766 seems to contain a clear recommendation that the sponsorship is not recommended for the following reasons.

**MR PRETORIUS:** Yes.

**ADV MBIKIWA:** And it says it does not meet the minimum

requirements. There is a reputational risk. Circulation remains an issue and the amount of more than R800 million is equivalent to what is spent across media – other media organisations. So there seems to be a clear recommendation on page 766 not to recommend it.

**MR PRETORIUS:** Yes.

**ADV MBIKIWA:** But then on 767 with the heading Resolution Required the resolution is that CAD Manco recommends the following resolutions. So just explain what the purpose of that slide was?

**MR PRETORIUS:** So if you look at page 766 that is my  
10 recommendations which I put together for this presentation that I do not support this. And that was – I made it very, very clear in my refusal to sign the second contract as well. But I said that there is certain circumstances where a situation may arise that you do not necessarily or – a stakeholder opportunity may arise which you may not want – that does not meet the necessary criteria but then stakeholder is important and therefore you will then consider it as strategic of – in nature. So I was use – try using that line. So page 767 was my suggestion to MR PRETORIUS to say if you feel that you still needed to take this to Enterprise Development EXCO then use this slide as the resolution.  
20 Then let them make the decision that it is strategic of nature and that we will go ahead with this. At least then you have it somewhere on -minuted that they have made the decision and it is not you alone that have made the decision.

**ADV MBIKIWA:** Okay I understand. Was this presentation ever submitted to or presented at Manco?

**MR PRETORIUS**: I submitted it to MR PRETORIUS and he did not want us to present it.

**ADV MBIKIWA**: So it was never presented?

**MR PRETORIUS**: No.

**ADV MBIKIWA**: Before Manco.

**MR PRETORIUS**: No it was not presented.

**ADV MBIKIWA**: And why did he say he did not want to present it?

**MR PRETORIUS**: I am not sure why. Probably because it – I do not know. I have to – I would have to speculate.

10 **ADV MBIKIWA**: But he did not give you a reason at the time he just said he would not present it?

**MR PRETORIUS**: No.

**CHAIRPERSON**: And on the reasons you gave in the presentation for not supporting the – the – or not recommending the sponsorship did he have any issues with your reasons?

**MR PRETORIUS**: We never discussed it – the presentation Chair. I emailed it to MR PRETORIUS.

**CHAIRPERSON**: To him. Yes.

**MR PRETORIUS**: And he as the Chairman of the committee.

20 **CHAIRPERSON**: Yes.

**MR PRETORIUS**: It is his decision whether he wants to put it on or not.

**CHAIRPERSON**: Okay.

**ADV MBIKIWA**: Can we then turn to the – to the third contract and that appears from your affidavit from paragraph 72 on page 21. Now we –



we discussed earlier that the first contract was between the Media Shop and the New Age. The second contract was between the Media Shop and Eskom and the New Age. The third contract was directly between Eskom and the New Age it did not include the Media Shop at all. Why was that?

**MR PRETORIUS:** I was not involved in – in this discussion. At this point in time I was completely excluded from – happily excluded from any interaction with the New Age. So I was not even aware of this contract until it was signed. So they decided to and I say they – I am  
10 not sure who they were or they are to negotiate it directly between Eskom and TNA and that is what TNA wanted right from the start.

**ADV MBIKIWA:** Yes.

**MR PRETORIUS:** They did not want a third party involved.

**ADV MBIKIWA:** And you say that you were excluded from the process – you played no role really in the negotiations. Why were you excluded?

**MR PRETORIUS:** I can only speculate once again and that is that because I made it abundantly clear that I do not want to be part of this because this is not kosher. And R43 million at that point in time was  
20 more than my entire budget – marketing budget after it was cut. So I could have done far better with R43 million in the marketing budget than paying for New Age breakfasts.

**ADV MBIKIWA:** Can we deal with that issue of the budget? Do you know whether the third contract was budgeted for?

**MR PRETORIUS:** No it was not. Not to my knowledge.

**ADV MBIKIWA:** And was it submitted to the – to the sponsorship committee or CAD Manco for [indistinct]?

**MR PRETORIUS:** No it was not.

**ADV MBIKIWA:** And who signed that contract on behalf of Eskom?

**MR PRETORIUS:** Mr Collin Matjila.

**ADV MBIKIWA:** You refer at paragraph 77 that is on page 22 to a report – to a review conducted by Sizwe Ntsaluba Gobodo?

**MR PRETORIUS:** Yes.

**ADV MBIKIWA:** Which reviewed the process of the third contract.

10 **MR PRETORIUS:** Were you aware of that report at the time?

**MR PRETORIUS:** At the – sorry at?

**ADV MBIKIWA:** At the time it was published sorry – in November of 2014 when it was – when it was published?

**MR PRETORIUS:** When the Gobodo I was aware – I was aware but I did not have a copy of it but I was aware that there was an audit done on this.

**ADV MBIKIWA:** And what is your understanding of its key findings?

20 **MR PRETORIUS:** Well that the contract was actually – it – the Chief Executive did not have the authority to sign the contract so it was done outside of the guidelines within Eskom. So just to make – explain it a little bit further it is just that a lot of people find Phakamani or Brian Dames whoever the Chief Executive is it is not difficult to find the email address. And they forward this their request directly to him or her whatever the case may be. And the process is it does not matter where a sponsorship comes in from whether it is from the Chief Executive or

somebody far lower down it needs to come to the sponsorship desk first for evaluation. And that is the starting point of all of the sponsorships within the organisation. Every single one. And we keep a register of every single sponsorship that comes in and the response we have given.

**ADV MBIKIWA:** Can I take you to the – to that SNG Review? It is at page 208.

**MR PRETORIUS:** Same file? Yes.

**ADV MBIKIWA:** And if you can then go forward to page 231 which is  
10 where the conclusions are contained. At paragraph 4.61 sub paragraph a effectively reflects what you have just described which is that Mr Matjila exceeded his authority.

**MR PRETORIUS:** Yes.

**ADV MBIKIWA:** But can I ask you about over the page on 232 which is – and sub paragraph c. That a contract without the termination clause was ultimately concluded. Did you know anything about that?

**MR PRETORIUS:** I did not know but that is not Eskom's standard practice. There is always a termination clause. And in fact Eskom only enters into enabling agreements. Because of the volatility of our  
20 business and budget that we in – have enabling agreements so make use of you when we can or need to and then if we do not need to then we do not make use of it. So there is no fee that is being paid. But there is always an exit clause.

**ADV MBIKIWA:** And were you aware as indicated in sub-paragraph D that the – that the termination clause was removed pursuant to

correspondence between MR PRETORIUS and Mr Adam?

**MR PRETORIUS:** No.

**ADV MBIKIWA:** Okay.

**MR PRETORIUS:** I was not aware.

**ADV MBIKIWA:** Can I then take you to page 234 it is just two pages on? And that is the SNG Reports recommendations and it makes recommendations in relation to Mr Matjila and over the page it makes recommendations in relation to MR PRETORIUS. The – the recommendations are effectively that corrective action should be taken  
10 against them. Do you know whether any corrective action was taken against them?

**MR PRETORIUS:** Not to my knowledge.

**ADV MBIKIWA:** And you indicate at paragraph 80 of your – of your affidavit that in February 2015 the Eskom board resolved to ratify the third contract.

**MR PRETORIUS:** I – ja – I believe so.

**ADV MBIKIWA:** And one of the resolutions of the – of that board resolution was that CAD should be instructed to ensure that maximum value was derived from the contract?

20 **MR PRETORIUS:** Yes.

**ADV MBIKIWA:** Did you know about the resolution?

**MR PRETORIUS:** I was informed of that after the fact.

**ADV MBIKIWA:** What steps did CAD take to extract maximum value from the contract?

**MR PRETORIUS:** I can only speak for my department and that is

Strategic Marketing we did nothing.

**ADV MBIKIWA:** Thank you. I would like – I would now like to turn to the parliamentary questions which is a subject you have referred to on a few occasions. You explain that Eskom received a number of parliamentary questions regarding its relationship with TNA. I do not intend to traverse every one of them but if we can begin at paragraph 85 where you refer to a parliamentary question on the 14 November 2012. And just to orientate you in time that is about a week after the second contract is signed. Can I ask you to – to go to that question?

10 It is in Bundle MM1b and it is at page 661. Do you have it?

**MR PRETORIUS:** I do.

**ADV MBIKIWA:** It is a question from Mr Lee to the Minister of Public Enterprises. The first question asks whether his department or any entity reporting to him placed any advertisements in the New Age and then asks when the advertisements were placed? What the nature of the advertisements were and what the spend was.

**MR PRETORIUS:** Yes.

**ADV MBIKIWA:** The second one asks whether any of these advertisements were placed through Government Communication and  
20 Information System GCIS. The third asks whether an independent analysis was conducted prior to placing advertisements to ascertain whether the New Age is read by the intended market, if not, why not? If so who conducted the analysis and what were the main findings and recommendations? And fourth were there any independent studies of said advertisements were conducted to ascertain whether they were

effective in the relevant target market, if not, why not? And similar questions after that. Can I ask you then to turn to page 663? This is an email from Phindie Mabena and she says:

“Good afternoon, please find attached a PQ for your urgent attention. We knew there would be follow-ups but I guess our estimated time of early 2013 was too generous. Here we go again with the TNA questions.”

What – do you know what that is a reference to?

- 10 **MR PRETORIUS:** Well essentially what Mr Mabena is admitting to is that we had non-stop questions about the New Age and different forms and different formats and different configurations so this is what she is referring to that the – another question has arrived. They expect or she expected I am gathering from this email that they were only expected the questions to be asked early in 2013 when parliament would have opened.

**ADV MBIKIWA:** And then further up the page Mr Moremi forwards it to you and asks you to look into it.

**MR PRETORIUS:** Yes.

- 20 **ADV MBIKIWA:** Was that – was that the normal course that you would do the necessary work to prepare the response to the parliamentary questions?

**MR PRETORIUS:** Ja Ms – because it is an advertising and in – Mr Moremi’s structure I was strategic marketing initiatives reporting to him so he would have sent it to me normally, yes. This was – there I a

formal parliamentary question process within Eskom and policy in place now which I am the representative of corporate affairs in any event. But ja he – that would have been normal.

**ADV MBIKIWA:** Can I then ask you to go to page 666? And this is an email from you to Laiza Zikalala, who is that?

**MR PRETORIUS:** She was the business unit director that took over from Mr Depoko.

**ADV MBIKIWA:** At the Media Shop?

**MR PRETORIUS:** At the Media Shop yes.

10 **ADV MBIKIWA:** And you email Ms Zikalala and you ask for effectively help in answering the four questions that you have received?

**MR PRETORIUS:** Yes.

**ADV MBIKIWA:** Can we go then back to 665? This is just following chronology of the correspondence. And Ms Zikalala responds and it is these responses that I would like to – to go through. Could you read Point 3 for us?

**MR PRETORIUS:**

20 “I have spoken to Donald when TNA initially we could not do an analysis on the paper as it has not been measured by the ABC nor by AMPS. Donald’s recommendation back then was not to advertise in the paper as we have no research on it. Donald was then instructed to advertise in the paper and spend a certain amount of money. The instruction was executed as per Eskom’s request. Since the

newspaper has been – since then the newspaper has been measured by AMPS which I just remind you is behavioural research. The numbers are not looking good they have 39 000 readers compared to the Citizen 508 000 readers, the Star 643 000 readers. So we can do an analysis for you but it will not look good. The newspaper has never been our recommendation.”

**ADV MBIKIWA:** Thank you. And then – and then Point 4 where Ms  
10 Zikalala says:

“We cannot do an advertising effectiveness measure.”

Just to remind you this is in response to a parliamentary question asking whether any independent studies have been done to determine whether the business breakfasts have been effective.

**MR PRETORIUS:** Yes.

**ADV MBIKIWA:** And Ms Zikalala says:

“We cannot do an advertising effectiveness measure. We do not have any research and I doubt anyone  
20 has. We cannot measure whether a 49M Ad in the newspaper resulted directly in people using electricity.”

**MR PRETORIUS:** Less electricity.

**ADV MBIKIWA:** Less electricity sorry.

“There is no way anyone can answer this question as



our advertising is not direct response therefore  
results are seen holistically not by medium.”

How – what you understand that response to mean?

**MR PRETORIUS:** So what we need to take into consideration at this point in time that there is quite a number of people in the market talking about energy efficiency. So it is Eskom is talking about energy efficiency. The government is talking about the energy efficiency and then you have all the contractors that supply generators and all these things and everybody uses load shedding or bough interruptions as a  
10 reason for sales. So there is quite a lot of people in the market talking essentially about the same thing. So if I changed my behaviour by switching off the light when I leave the room can – the question is then can I attribute that directly to an advert I saw in the New Age? And the answer to that question, no. – is no. It is virtually impossible to do that unless you speak with every single person which would be the cost would just be prohibitive for us in doing that. So what Laiza is – Ms Zikalala is specifically saying here is that it is impossible for her – for them to do research on this.

**ADV MBIKIWA:** Thank you. Can we then go to page 671? This is I  
20 understand it is – is a draft response to the parliamentary question?

**MR PRETORIUS:** Yes.

**ADV MBIKIWA:** And as I see it Points 3 and 4 effectively reflect what the advice that Ms Zikalala gave you?

**MR PRETORIUS:** That is correct yes.

**ADV MBIKIWA:** But can you then turn to page 675? This is the final

response submitted to the Department of Public Enterprises by Eskom. And if we go to paragraph 3 on page 676 – it is following page – it says:

“When the New Age was initially launched we could not do an analysis on the paper as it was not measured by the ABC or by Amps. Since then the newspaper has been measured by Amps.”

Now that corresponds with Ms Zikalala’s advice. But it then says:

10           “The findings confirm that the paper reached Eskom’s intended target market.”

Where did that come from?

**MR PRETORIUS:** My apologies. I have no idea. So the process for parliamentary questions was at the time that parliamentary question is received, a response is prepared and the response is discussed by EXCO and they make the final decision on what needs to be done. Or what gets written down.

**ADV MBIKIWA:** But do you have a view on the accuracy of that statement?

20           **MR PRETORIUS:** On the fact that they – they – the 39 000 is our intended target market, no. I – it is – I have a view on that that no it is not.

**ADV MBIKIWA:** Thank you. Mr Pretorius can we then turn to the Public Protector’s investigation. Before we - we get into the - the questions that the Public Protector asked another aspect of Mr Gigaba’s affidavit which he submitted in response to Mr Pretorius’

Rule 3.3 Notice was that he was engaged by the Public Protector and that he sought information from the SOEs in order to respond to the Public Protector. That appears from paragraph 12 of Mr Gigaba's affidavit. Do you have any comment on that?

**MR PRETORIUS:** A slightly different version of that Chair is that the Public Protector wrote to the Minister. The Minister wrote to - to Eskom and to Transnet and saying you need to - to reply to this but you reply directly to the Public Protector not to via my office. In his statement he says that he did not want to have any undue influence by his  
10 department. If I read it correctly.

So the - the Public Protector's questions bearing in mind that I was against this. I did not want to do this. So I gave a response to - to the Public Protector of what I could with a clear mind give honestly to - to the Public Protector and I sent this to Willie Du Plessis who was the Head of Legal at Eskom at the time reporting to Mohamed Adam who was the Senior General Manager for Legal and Compliance within Eskom and a few days later I received an email from - no. Sorry.

I received a call from Willie saying that we need to expand on this. This is not merely sufficient. Taking into consideration that the  
20 letter that the minister wrote to the Chairman said that we would have as a State Owned Entity all the necessary documentation and all of that in place which we most probably have and we have seen it in - in evidence here.

So I sent to Willie I cannot in all good conscience as a marketing person write something that is not true and he said okay. I

will speak to Mohamed. The end of that was that Mohamed ...

**ADV MBIKIWA**: Sorry. When you refer to Mohamed ...

**MR PRETORIUS**: Sorry.

**ADV MBIKIWA**: Is that Mr Adam?

**MR PRETORIUS**: Mr Adam. Sorry. My apologies. Mr Adam then phoned me directly and said to me that we need to conclude this because there was a deadline on this and it must be written as if Eskom benefitted from this and it was a good thing to do. Hence the comments in the Public Protector's response from Eskom is not merely

10 the reality.

**ADV MBIKIWA**: Okay. Let us - let us just unpack that piece by piece. The - the Public Protector letter can we - can we go to that? That is at page 727 in Annexure 1B - MM1B.

**MR PRETORIUS**: 700 and?

**ADV MBIKIWA**: 27.

**CHAIRPERSON**: That is MM1B?

**ADV MBIKIWA**: MM1B.

**CHAIRPERSON**: 7-1-7?

**ADV MBIKIWA**: 7-2-7.

20 **CHAIRPERSON**: 7-2-7.

**ADV MBIKIWA**: This is the letter from the - the Public Protector where she informs the DG of Public Enterprises that she is investigating this matter and over the page at 7-2-8 paragraph 3 she sets out the allegations against the aforementioned public enterprises that is Transnet, Telkom, Eskom and the SABC and sets them out from

paragraphs 3.1 to 3.5.

The exertion of undue influence improperly sponsoring public enterprises for the hosting of business breakfasts. A total amount of R36.7 million paid for those breakfasts by that stage. That the sponsorship was ostensibly to advance various dubious public interests via the business breakfast briefing sessions and that the said sponsorship was approved despite the alleged fact that TNA is not a member of the ABC and that its true circulation figures cannot be verified which consequently makes no business sense for public enterprises to spend public funds for exposure.

The - the Public Protector then makes a request of - of DPE in paragraph 4 and it asks for a range of - of documents, policy documents, sponsorships, agreements and the like. If we can then turn to page 7-3-1. This as I understand it is what Mr Gigaba refers to in his affidavit. Is that he then sends a letter to the Board of - of - the Chair of the Eskom Board Mr Zola Tsotsi.

**CHAIRPERSON:** I am sorry Mr - Mr Mbikiwa. What happened to my copy of Mr Gigaba's affidavit? It is not here. It was here. Have you got a spare copy by any chance Mr Mbikiwa?

20 **ADV MBIKIWA:** Chair, I ...

**CHAIRPERSON:** If you do not have it is fine. We can - we can do - we can make do in the meantime. Let us continue.

**ADV MBIKIWA:** I can give you my copy. If - if you go to page 7-3-1 Chair.

**CHAIRPERSON:** Huh-uh.

**ADV MBIKIWA:** That is the letter from Mr Gigaba to Mr Tsotsi.

**CHAIRPERSON:** Yes. Okay.

**ADV MBIKIWA:** And essentially that letter simply says:

“Please provide all documents necessary and  
please copy me on any correspondence that goes to  
the Public Protector.”

**CHAIRPERSON:** Yes.

**ADV MBIKIWA:** Now - now Mr Pretorius your - your evidence is that  
you are then requested to help prepare the response to the Public  
10 Protector?

**MR PRETORIUS:** Yes.

**ADV MBIKIWA:** Who asks you to do that?

**MR PRETORIUS:** Mr Adam.

**ADV MBIKIWA:** Mr Adam and what is Mr Adam's position?

**MR PRETORIUS:** He was then the Senior General Manager for Legal  
and Compliance.

**ADV MBIKIWA:** And you prepared a response?

**MR PRETORIUS:** I did. Yes, which he found inadequate.

**ADV MBIKIWA:** Which he found inadequate.

20 **MR PRETORIUS:** *Ja.*

**ADV MBIKIWA:** We - we have not been able to obtain a copy of that  
response. What - what was - what did he find adequate about it?

**MR PRETORIUS:** It was insufficient information and I - I have a copy  
on my computer. So I am sorry. There must have been  
miscommunication that. I - I do have my response that I wrote, but he

said that there is insufficient information. It is not what the Public Protector wants to know and basically that we had to write this in order to ensure that Eskom had made the right decision.

**CHAIRPERSON:** In order to ensure ...

**ADV MBIKIWA:** We definitely would ...

**CHAIRPERSON:** I am sorry.

**ADV MBIKIWA:** Sorry Chair.

**CHAIRPERSON:** In order to ensure that Eskom?

**MR PRETORIUS:** Had made the right decision to go with the business  
10 breakfasts.

**CHAIRPERSON:** And this was Mr Adam saying that?

**MR PRETORIUS:** He said that to me telephonically. Yes.

**CHAIRPERSON:** Okay.

**ADV MBIKIWA:** Mr Pretorius we certainly will be in touch with you afterwards to get that response from you. So - so Mr Adam instructs you that the - the response you have prepared is inadequate. You then together with Mr Du Plessis prepare a response?

**MR PRETORIUS:** Yes. So Mr Du Plessis phoned me one afternoon and we spent the afternoon and the best part of the evening preparing the  
20 documentation and I was writing the response to the Public Protector in such a way that it - ja. Looks a little bit better than my original response.

**CHAIRPERSON:** What was your understanding of Mr Adam's statement that your - the response you had prepared was inadequate?

**MR PRETORIUS:** Chair, I - at that point I - when I saw the letter that

came from the Public Protector and the Minister's letter I spoke to my lawyer and asked her what would be the implications if I was to - to lie and she said to me you would be in serious trouble because if the Public Protector decides to - to have proper hearings around this and you have lied you will be in serious trouble and that is why I did not want to be part of this.

I did not want to write the response. I gave them the information which I will provide to the - to the Advocates after this meeting, but I did not want to be involved in writing that response  
10 because writing that response is - is - it is unethical in my opinion and that - it - it really bothered me that I had to do that.

**CHAIRPERSON:** Would it - is my understanding correct that your understanding was that although he was saying your response was inadequate he actually meant that it did not convey what he wanted to be conveyed on behalf of Eskom? He regarded it as not the right response.

**MR PRETORIUS:** Yes Chair.

**CHAIRPERSON:** And he - your understanding that - was that he wanted the right response to be provided?

20 **MR PRETORIUS:** Yes Chair. I only provided the - the facts ...

**CHAIRPERSON:** Yes.

**MR PRETORIUS:** In - in a one page document.

**CHAIRPERSON:** Yes.

**MR PRETORIUS:** So the facts of the - of the various contracts ...

**CHAIRPERSON:** Yes.



**MR PRETORIUS:** And the benefits that we derived or that we allegedly derived from - from these breakfasts and that was it and Mr Adam was not happy with ...

**CHAIRPERSON:** Yes.

**MR PRETORIUS:** With the facts. He wanted a storyline.

**CHAIRPERSON:** Yes.

**MR PRETORIUS:** And I said I cannot write the storyline ...

**CHAIRPERSON:** Yes.

**MR PRETORIUS:** Because that goes against every principle that I have

10 and ...

**CHAIRPERSON:** Hm.

**MR PRETORIUS:** I am a member of a number of professional organisations ...

**CHAIRPERSON:** Hm.

**MR PRETORIUS:** Which propagates ethical behaviour in communication and marketing in South Africa.

**CHAIRPERSON:** Hm.

**MR PRETORIUS:** So I cannot do this ...

**CHAIRPERSON:** Hm.

20 **MR PRETORIUS:** And in the end I was forced to do it which made me very unhappy. Hence when the third contract came I distanced myself from this because I knew this thing was coming back to bite us.

**CHAIRPERSON:** Hm, hm. Well I think - I think you understood from my questions that when I referred to the right response and the wrong response. I was using those words in inverted commas.

**MR PRETORIUS:** Yes Chair.

**CHAIRPERSON:** Okay. Thank you.

**ADV MBIKIWA:** Thank you Chair. Mr Pretorius can we then turn to the final response that is submitted to the Public Protector. That is at page 749. Now you will see that there is a - in bold - there is a - it says "Draft" but that is in fact the final version because if you turn over to 751 it is signed not only by Mr Du Plessis but in acknowledgement of receipt but the Public Protector's Office.

**MR PRETORIUS:** Yes.

10 **CHAIRPERSON:** I am looking for "Draft".

**ADV MBIKIWA:** Sorry Chair. It is on 749.

**CHAIRPERSON:** 749?

**ADV MBIKIWA:** 749.

**CHAIRPERSON:** Oh. I was looking at a wrong thing. I was looking at 649. Yes. I (intervenes).

**ADV MBIKIWA:** So you will - you will see Chair that it says - it says "Draft" on it but in fact it is the final version because if you turn to 751 it is - it is signed both by Mr Du Plessis and in acknowledgement of receipt on the other side.

20 **CHAIRPERSON:** Yes. Thank you.

**ADV MBIKIWA:** Mr Pretorius if we can then turn to 751. That is the - the aspect of the response I would like to ...

**MR PRETORIUS:** To?

**ADV MBIKIWA:** 751.

**CHAIRPERSON:** So did you say Mr Pretorius the person with whom

you ended up working on the “right response” was Mr Du Plessis?

**MR PRETORIUS:** Yes. Mr Du Plessis and I ...

**CHAIRPERSON:** Yes.

**MR PRETORIUS:** Spent the evening to draft this ...

**CHAIRPERSON:** Yes.

**MR PRETORIUS:** Document, *ja*.

**CHAIRPERSON:** Okay.

**ADV MBIKIWA:** And can we pick it up from under the table. Not the first paragraph but the second paragraph where you say:

10                    “The primary benefits were brand awareness for  
49M and the opportunity to highlight the need to  
save electricity. The sponsorships provided  
significant exposure through the print and  
broadcast media and to engage more businesses in  
the private sector.”

Is - is that an accurate statement?

**MR PRETORIUS:** No. It is not.

**ADV MBIKIWA:** If we move on to the - to the next paragraph.

20                    “Recent research undertaken with regard to 49M  
indicated that opportunities such as the  
sponsorship of the business briefings contributed to  
a 73 percent awareness by the public of the 49M  
Campaign.”

Is that a true statement?

**MR PRETORIUS:** No. It is not. A 73 percent awareness is true but

that is across all media in South Africa. It was a national study.

**ADV MBIKIWA:** And - and is that 73 percent in anyway attributable to the 49M Campaign?

**MR PRETORIUS:** It is - sorry. It is awareness of the 49M Campaign ...

**ADV MBIKIWA:** Sorry.

**MR PRETORIUS:** But is not attributed to The New Age.

**ADV MBIKIWA:** Is - what I meant to ask was is that 73 percent in anyway attributable to the business breakfasts?

**MR PRETORIUS:** Not in my opinion.

10 **ADV MBIKIWA:** Thank you Mr Pretorius. Chair the - the last few questions I would like to ask Mr Pretorius pertain to an annexure - a - a document in the Proposed Bundle of Mr Zola Tsotsi who will be appearing later in the week. Could we be permitted to - to refer to that - to that document?

**CHAIRPERSON:** Yes.

**ADV MBIKIWA:** To go there?

**CHAIRPERSON:** That is fine, *ja*.

**ADV MBIKIWA:** Mr Pretorius it is the document that is labelled currently MM6.

20 **MR PRETORIUS:** Yes.

**ADV MBIKIWA:** Have you got it?

**MR PRETORIUS:** It is there.

**ADV MBIKIWA:** *Ja*. Could you take it out?

**MR PRETORIUS:** Can I take it out?

**ADV MBIKIWA:** And if you go right to the back of that file at page 364.

**CHAIRPERSON:** That file already here? Is it already here?

**REGISTRAR:** Yes.

**CHAIRPERSON:** Oh, okay.

**ADV MBIKIWA:** Yes Chair. It is here.

**CHAIRPERSON:** Okay. Well maybe if it is already here we may as well then; I am just wondering whether we should not - let us just - what page is it on?

**ADV MBIKIWA:** It is page 364 Chair.

**CHAIRPERSON:** 364. Maybe what we should have done is to - 3-6-4 -  
10 to include in his bundle this document. So that we - it could just be part of his bundle.

**ADV MBIKIWA:** We - we can do that Chair.

**CHAIRPERSON:** May - may - maybe actually you can ask on it but we maybe must place on record that we are making - we are adding it to - is it MM1B?

**ADV MBIKIWA:** MM1B Chair.

**CHAIRPERSON:** Ja. Let - let us put it - what will be - what is the last page on MM1B?

**ADV MBIKIWA:** Chair as I have it the last page is 8 ...

20 **CHAIRPERSON:** So I will - I will not mark this one because it is in Mr Tsotsi's bundle, but somebody can make a note and a copy can be made and put into that one.

**ADV MBIKIWA:** Indeed Chair. We will do that.

**CHAIRPERSON:** Ja.

**ADV MBIKIWA:** Chair the - the last page of MM1B currently is 835.

**CHAIRPERSON:** Okay. No so ...

**ADV MBIKIWA:** So that will begin at 836.

**CHAIRPERSON:** At 836, *ja*. Okay, but you can just refer to it now as the Public Protector's letter addressed to Mr Tsotsi dated 29 October 2014.

**ADV MBIKIWA:** 29 October 2014.

**CHAIRPERSON:** *Ja*.

**ADV MBIKIWA:** Indeed Chair. Mr Pretorius are you familiar with this letter?

10 **MR PRETORIUS:** It is the first time that I see this letter.

**ADV MBIKIWA:** First time you have seen it?

**MR PRETORIUS:** Yes.

**ADV MBIKIWA:** This - this is a letter that is sent by the Public Protector as a follow up to the prior letter that was - that - that she sent and to which she received a response.

**MR PRETORIUS:** Yes.

**ADV MBIKIWA:** Essentially the - the letter says that it has come to the Public Protector's attention that notwithstanding her investigation the third contract was then entered into the value of R43 million.

20 **MR PRETORIUS:** Yes.

**ADV MBIKIWA:** But you - you knew nothing about this at - at the time in October 2014?

**MR PRETORIUS:** This - this particular letter was not shared with me at all. No.

**ADV MBIKIWA:** Chair those conclude my questions for Mr Pretorius.

**CHAIRPERSON:** You - you did not indicate or did you the material part of the letter that you wanted ...

**ADV MBIKIWA:** Apologies Chair.

**CHAIRPERSON:** To highlight.

**ADV MBIKIWA:** Chair the - the question to Mr Pretorius was whether he had ever seen it ...

**CHAIRPERSON:** You - you ...

**ADV MBIKIWA:** But - but the ...

**CHAIRPERSON:** Yes.

10 **ADV MBIKIWA:** The material parts really are from paragraph 2 where - where the ...

**CHAIRPERSON:** Yes.

**ADV MBIKIWA:** The Public Protector indicates that she - it has come to her attention through the media that notwithstanding the fact that she had begun an investigation into the conclusion of the first two contracts.

**CHAIRPERSON:** Yes.

**ADV MBIKIWA:** Eskom had then entered into the third contract and she goes on to say that - that it is alleged that this has happened contrary  
20 to legal advice and the like.

**CHAIRPERSON:** Maybe - maybe you should just read paragraph 2. Just the relevant part into the record or the witness could do that.

**ADV MBIKIWA:** Certainly Chair.

**CHAIRPERSON:** Ja.

**ADV MBIKIWA:** Paragraph ...

**CHAIRPERSON:** So that his answer can be understood in the context.

**ADV MBIKIWA:** Indeed Chair.

**CHAIRPERSON:** Ja.

**ADV MBIKIWA:** Paragraph 2 reads:

“It has since come to my attention through the  
media that notwithstanding my ongoing  
investigation of the above matter Eskom’s former  
interim Chief Executive Officer Mr Colin Matjila has  
subsequently entered into a new and similar  
10 breakfast sponsorship deal worth R43 million with  
The New Age Newspaper.”

**CHAIRPERSON:** Yes. Okay. Thank you.

**ADV MBIKIWA:** Thank you Chair.

**CHAIRPERSON:** Thank you very much Mr Pretorius for coming to give  
evidence. Should a need arise we will ask you to come back, but thank  
you very much. For now you are excused.

**MR PRETORIUS:** Thank you Chair.

**CHAIRPERSON:** Thank you.

**ADV HOFMEYR:** Thank you Chair.

20 **CHAIRPERSON:** Yes Ms Hofmeyr.

**ADV HOFMEYR:** We next have Mr Choeu who will be giving evidence.

**CHAIRPERSON:** Yes.

**ADV HOFMEYR:** I wonder if it is convenient to take a five minute  
adjournment so we can move and get ...

**CHAIRPERSON:** Yes.



**ADV HOFMEYR:** Mr Choeu ready. Would that be suitable?

**CHAIRPERSON:** That would be fine. Is five minutes enough or should we make it ...?

**ADV HOFMEYR:** Possibly 10 would be better.

**CHAIRPERSON:** 10 would be - *ja*.

**ADV HOFMEYR:** Indeed.

**CHAIRPERSON:** Okay. Let us - let us take a 10 - 10 minute break. We will resume at 10 past three. We adjourn.

**INQUIRY ADJOURNS**

10 **INQUIRY RESUMES**

**CHAIRPERSON:** Yes Ms Hofmeyr.

**ADV HOFMEYR:** Thank you Chair.

**CHAIRPERSON:** Are you ready?

**ADV HOFMEYR:** We are indeed, and we next have the evidence of Mr Choeu, if I could ask that he be sworn in.

**CHAIRPERSON:** Please administer the oath or affirmation.

**REGISTRAR:** Please state your full names for the record.

**MR CHOEU:** Chose Andrew Kenilworth Choeu.

20 **REGISTRAR:** Do you have any objections to taking the prescribed oath?

**MR CHOEU:** No.

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

**MR CHOEU:** Yes.

**REGISTRAR:** Do you swear that the evidence you will give will be the

truth, the whole truth and nothing but the truth?

**MR CHOEU:** That is so.

**REGISTRAR:** If so please raise your right hand and say so help me God.

**MR CHOSE ANDREW KENILWORTH CHOEU:** (duly sworn, states)

**CHAIRPERSON:** Yes you may proceed.

**ADV HOFMEYR:** Thank you Chair. Mr Choeu you will see in front of you, think the file open in front of you is the file containing your affidavit is that correct?

10 **MR CHOEU:** Yes.

**ADV HOFMEYR:** Chair for the purposes of the record we propose that Mr Choeu's affidavit and additional documents be entered as Exhibit MN2.

**CHAIRPERSON:** And the lever arch file containing the statement affidavit by Mr Choeu will be marked Exhibit MM2, it contains his statement and Annexures.

**ADV HOFMEYR:** Thank you Chair. Mr Choeu if we can then commence at page one in that Bundle MN2, what...[intervenes].

**MR CHOEU:** The numbers are the ones on top?

20 **ADV HOFMEYR:** Indeed.

**MR CHOEU:** Okay.

**ADV HOFMEYR:** So throughout the day when I make reference to page numbers you'll look for the red number at the top.

**MR CHOEU:** Okay.

**ADV HOFMEYR:** And Mr Choeu there will be occasions in the

evidence where we may need to refer you to another bundle, but those have been placed next to you there and I'll guide you to which file we may want to take you to.

**MR CHOEU:** Yes.

**ADV HOFMEYR:** But we'll concentrate predominantly in your Exhibit MN2 which contains a document at page one, what is that document?

**MR CHOEU:** It's my affidavit this one yes.

**ADV HOFMEYR:** Thank you and if you go over to the end of the affidavit which you'll find at page 12, can you tell us when that affidavit  
10 was deposed to?

**MR CHOEU:** Page 12?

**ADV HOFMEYR:** Yes.

**MR CHOEU:** In January I thin – 28/12/2018.

**ADV HOFMEYR:** Thank you, that date is relevant only insofar if you go back to page one of your affidavit is concerned because at paragraph 1.2 on page one, you state there that, in the second sentence,

"I'm employed by Eskom as Divisional Executive Corporate Affairs",

20 Mr Choeu was that the position on the 28<sup>th</sup> of December of 2018?

**MR CHOEU:** Yes.

**ADV HOFMEYR:** Is it currently the position?

**MR CHOEU:** No I'm on retirement.

**ADV HOFMEYR:** And when did you take retirement?

**MR CHOEU:** Starting from the 1<sup>st</sup> of January 2019.

**ADV HOFMEYR:** Right let's then start just at your time while you were at Eskom, for how long were you employed at Eskom and in what positions?

**MR CHOEU:** From the 1<sup>st</sup> of June 2010 until, as I said the end of last year December, 31<sup>st</sup>.

**ADV HOFMEYR:** And in what positions were you employed in Eskom during that period?

**MR CHOEU:** When we started my contract we were still then called  
10 Managing Directors but later I'm not sure of the date we were referred to as Divisional Executives.

**ADV HOFMEYR:** And what Division were you the Executive of?

**MR CHOEU:** Corporate Affairs.

**ADV HOFMEYR:** And was that for the duration from June 2010...[intervenes].

**MR CHOEU:** From the beginning up until the end that was my responsibility.

**ADV HOFMEYR:** Thank you, and in terms of your qualifications, what qualifications do you hold?

20 **MR CHOEU:** I have a BA Honours Masters Degree from the University of Denver in the US and a Masters Degree from the University of Port Elizabeth and its Nelson Mandela, I think, now.

**ADV HOFMEYR:** Thank you, Mr Choeu just in terms of your previous engagements in some of the processes that I alerted the Chair to this morning that have preceded the evidence before the Commission today,

my first question is, did you make submissions or appear before the Portfolio Committee of Public Enterprises?

**MR CHOEU**: No.

**ADV HOFMEYR**: And did you engage with SNG who were Eskom's auditors?

**MR CHOEU**: Yes I did.

**ADV HOFMEYR**: You did, and that was when they were investigating the third contract is that correct?

**MR CHOEU**: Yes.

10 **ADV HOFMEYR**: Thank you, we'll come to that in due course. I'd like to then pick up your affidavit if I may, at paragraph 2.1 on page one because there in an introductory session you begin to describe the relationship between Eskom and TNA. Can you explain to us what is stated at 2.1 and in what Division of Eskom that relationship was managed?

**MR CHOEU**: Corporate Affairs, it was in my Division, Corporate Affairs.

**ADV HOFMEYR**: And can we take it that you hold the position of Head of that Division?

20 **MR CHOEU**: Yes I did.

**ADV HOFMEYR**: And at the relevant times when the three contracts with TNA were concluded?

**MR CHOEU**: When the third contract I reported to – where am I...[intervenes].

**ADV HOFMEYR**: Erica Johnson?

**MR CHOEU:** Erica Johnson.

**ADV HOFMEYR:** So what was your position when you were reporting to her were you still the Head of the...[intervenes].

**MR CHOEU:** Yes what they did is they took – I may forget the others but Mohammed Adam that we spoke about reported to her and then Freddy Ndou strategy reported to her and the guy then who was responsible for IT should be Sando [indistinct] So it was a number of us reporting to her so what they simply did they took Exco and the CEO felt Exco was just too big and then we reduced it by taking other Exco  
10 members to report to other Exco members.

**ADV HOFMEYR:** And prior to that change in the organisational structure, to whom was your reporting line?

**MR CHOEU:** Directly to the Chief Executive Officer.

**ADV HOFMEYR:** And in 20...[intervenes].

**MR CHOEU:** I was a member of Exco.

**ADV HOFMEYR:** And in 2011 and 2012 who was that Chief Executive?

**MR CHOEU:** Brian Adam.

**ADV HOFMEYR:** Brian Dames, I think you may want to correct, is that correct?

20 **MR CHOEU:** Brian Dames.

**ADV HOFMEYR:** Mr Adam is Mohammed Adam who headed up the legal department is that correct?

**MR CHOEU:** Yes.

**ADV HOFMEYR:** Thank you, now at the end of paragraph 2.1 you talk about the areas over which – what you refer to as CAD that's the

Corporate Affairs Division had responsibility, can you take us through those?

**MR CHOEU:** Can I take them from 2.3 because that's where I...[intervenes].

**ADV HOFMEYR:** Indeed.

**MR CHOEU:** First of all we had Strategic Marketing which was under Kheepe Moremi and Peter Pretorius reported to Kheepe Moremi and then we had Corporate Communication which was under Ra'eesah Waja. Corporate Communication, earlier on we did talk about Strategic  
10 Marketing what it does but Corporate Communication was responsible for the spokesperson and everything related to Eskom's issues in the media, including the subscription of newspapers and related issues and then stake coagulation. Stake coagulation is important that – at Eskom and Mr Pretorius did allude to it, one of the things that was our responsibility was that every contact from outside Eskom came via our Division. What it means is if international visitors want to visit Eskom they don't know how to talk to they either write to the Chief Executive Officer and the Chief Executive Officer would refer that letter to us to prepare. Journalists, when they wanted to ask questions and they have  
20 no relationship yet, maybe with the spokesperson they would come to us and we would refer them to the media desk. So each and every stakeholder and Lusanda Gia was responsible for that Division. Then we have the Eskom Development Foundation that deals with Corporate Social Responsibility, everything to do with Corporate Social Responsibility. Then of course my office of the Divisional Executive

and those were the divisions that fell under me.

**ADV HOFMEYR:** Thank you, if you go back up to paragraph 2.1 you'll see in the list that you provide there, you also list Eskom's sponsorships as falling within the Corporate Affairs Division.

**MR CHOEU:** Where?

**ADV HOFMEYR:** If you go to paragraph 2.1 on page one, the second sentence there reads,

“CAD – Corporate Affairs Division is responsible for Corporate Communication...[intervenes]”.

10 **MR CHOEU:** Yes responsibility, here I was talking to the divisions but sponsorship would fall under Strategic Marketing.

**ADV HOFMEYR:** Right so it's a sub-division in a sense?

**MR CHOEU:** It's a sub-division yes.

**ADV HOFMEYR:** And all of the contracts that...[intervenes].

**MR CHOEU:** And I don't know what I did – you see for example, here I mention Heritage Unit, it was directly under my division office of the Chief Executive Officer.

**ADV HOFMEYR:** I understand, that's helpful. So insofar as the three contracts with TNA involved business breakfasts, am I to understand  
20 that, that fell under the Eskom's sponsorships aspect which fell under the Corporate Affairs Division?

**MR CHOEU:** Strategic Marketing yes, Corporate Affairs Division, Strategic Marketing.

**ADV HOFMEYR:** Right and they were Eskom sponsorships which would then go principally to Mr Pretorius feeding up to Mr Moremi and



then up to you is that correct?

**MR CHOEU:** Yes.

**ADV HOFMEYR:** Thank you, if we then go over to page two, Mr Choeu we've already heard from Mr Pretorius today, in his evidence, the background to the Eskom sponsorship policy, you also detail that to some extent. I don't want to traverse all its features but I'd like to pick up on one or two with you if I may. You, at 3.2 at page two of your affidavit, talk about the sponsorship policy objectives, do you see that?

**MR CHOEU:** Mmm.

10 **ADV HOFMEYR:** Can you take us through what those objectives are?

**MR CHOEU:** One aligned with Eskom's Strategic business objectives, contribute to increases in Eskom brand equity as a company and/or that it's other brands such as 49M...[intervenes].

**ADV HOFMEYR:** Could we stop there, we did have a moment of evidence from Mr Pretorius about 49M but just for the uninitiated can you explain to us what 49M was?

**MR CHOEU:** You would recall that one of the challenges that we faced there at Eskom was load shedding, we were load shedding especially after 2010 because in 2010 one of the things that happened was, that  
20 because of the world cup, the type of, you know, normal maintenance that we'd do, most of the things were delayed and it caught up with us and as it caught up with us we also had a delay now with Medupi and Kusile. So there was a lot of pressure from all over about the fact that we must find a way to either supply more electricity or find a way to convince South Africans to reduce electricity. So we must come up with

a campaign, so Kheepe Moremi and Peter Pretorius, and I'm told really that this idea of 49M did not start in 2010, the idea has always been there after the 2006/2007 load shedding. So it became my responsibility which I passed over to my experts to say let's put together this campaign of communicating and the question was, you must communicate to each and every South African and that is why, at that time the population of South Africa was 49million and that is why after discussions – a number of names were looked at, those that did not like 49M said maybe next year it will be 51 and that but ultimately

10 after all these discussions people stated, let's say with 49M and find a way in which you're going to look for platforms and these platforms you must use effectively to communicate to all South Africans. Earlier on Peter alluded to the LSM's that you must find...[intervenes].

**CHAIRPERSON:** You are referring to Mr Pretorius?

**MR CHOEU:** Yes, Mr Pretorius referred to LSM's and that is that whatever we do we should find a way to communicate to all South Africans because one of the issues 1) reduce electricity, 2) educate South Africans and if – I don't have the 49M strategy here but if you need it I'm sure Eskom will provide it, I'm no longer at Eskom but

20 Eskom will provide a strategy it touched everybody and all the platforms that we wanted to use. For example, at one point we were only using South African broadcasting corporation to do the – you know at 7 o'clock in the evening you would get the – what is this called, a warning to South Africans that please use electricity sparingly and we'd have some graphs and pictures that would show you what is happening

in South Africa and South Africans would respond and we were requested that use all platforms and that is why we even moved over to – away, not away in addition we used other TV stations, like e-tv and what are the others, I think at that time it was only e-tv that we could use but I mean we were using all platforms, cinemas, we went into cinemas so we wanted to target each and every South African, that is what 49M was both to reduce electricity but also to educate South Africans about the importance of electricity because if you look at – Peter was talking about the top LSM, what we are experiencing  
 10 under...[intervenes].

**CHAIRPERSON:** Mr Choeu...[intervenes].

**MR CHOEU:** Pretorius I must...[intervenes].

**CHAIRPERSON:** Yes but he also referred to some of the people in the first name but let's try and keep it to...[intervenes].

**MR CHOEU:** Mr Pretorius ...[intervenes].

**CHAIRPERSON:** And everybody the surname.

**MR CHOEU:** We had to touch everybody, Eskom's problem even today, even at that time, in the townships people were not paying for electricity up until today I saw a number, I can't confirm it but I saw in  
 20 the newspapers they're talking about 25billion that local Municipalities are owing Eskom and therefore we also had to ensure that we – is that enough?

**ADV HOFMEYR:** That is indeed thank you, it wasn't an affiliation that Eskom had with a radio station, 49M?

**MR CHOEU:** It was, if you look at even the strategy it used each and

every platform that is why, in fact, the Minister still, not through me through the Chief Executive Officer decided – I was not there, they decided [indistinct] a national campaign on 49M on his own role. So Peters division...[intervenes].

**ADV HOFMEYR:** Mr Pretorius.

**MR CHOEU:** Oh my God you are going to beat me up.

**ADV HOFMEYR:** No it's fine it's just useful for the record purposes.

**MR CHOEU:** Mr Pretorius' team – I mean they had to spend a lot of –  
10 including the Chief Executive Officer, we would, on Saturday go townships, you know go to stadiums and would bring all people into the stadiums it would be music, artists, a lot of people and it was 49M so there was that insistence but continually there was [indistinct] communicating effectively with South Africans.

**ADV HOFMEYR:** Thank you, if we can then go to the third bullet on page two at the bottom, you indicate there...[intervenes].

**MR CHOEU:** Is that 3.2?

**ADV HOFMEYR:** At 3.2 yes, the third bullet says,

20 "The next policy objective of the sponsorship was to yield a tangible return on investment,  
Do you see that?

**MR CHOEU:** "Tangible return on investment through air-time on" – yes.

**ADV HOFMEYR:** And you say,

"The TNA sponsorship yielded tangible return on investment

through air-time on SABC2 in other words owning two and a half hours on SABC2 would have cost Eskom a substantial amount of money and this was included in the proposal from TNA”,

Do you see that?

**MR CHOEU:** Yes.

**ADV HOFMEYR:** Mr Choeu why do you say two and a half hours on

**MR CHOEU:** In fact it was not two and half hours, I think it was three hours because it was from 6 o'clock to 9 o'clock...[intervenes].

10 **ADV HOFMEYR:** I think it was 57 minutes in fact, if I may just take you to why I say that if you go to page 26.

**MR CHOEU:** My 26?

**ADV HOFMEYR:** Your 26 yes well at the top of the page in red.

**MR CHOEU:** Ja.

**ADV HOFMEYR:** You'll see that, that is an Annexure to the first contract that was concluded with TNA. Chair just for the reference the contract begins at page 21 it is a contract that we've already looked at with Mr Pretorius this morning and page 26 we also looked at but you'll see Mr Choeu the reason why I say it's 57 minutes and not in the order  
20 of two and a half hours or three hours is because in the first block on the left-hand side of the page under SABC2 live coverage, halfway down it says,

“Average air-time coverage for this event is 57 minutes”,

Do you see that?

**MR CHOEU:** Yes I see that.

**ADV HOFMEYR:** So is that a correction you need to make?

**MR CHOEU:** It is a correction I need to make but however, why I had said three hours I was talking here to the duration of the – because we called them 49M breakfast, you see it's the whole breakfast because you have your live coverage which is not all the time, you see and apart from live coverage you have your normal people that are sitting here that have bought tables to come and listen here and all your banners and what have you that is – we call them 49M breakfasts.

**ADV HOFMEYR:** I understand but the only part that the SABC2 was  
10 broadcasting was 57 minutes of that breakfast, is that not so?

**MR CHOEU:** Now I see that I can make that correction yes.

**ADV HOFMEYR:** Thank you, you say that...[intervenes].

**CHAIRPERSON:** But I'm sorry but even that 57 minutes was it on Eskom, the whole of it?

**MR CHOEU:** Not always, not all of the time and if you had asked me what was some of the challenges and weaknesses we had with this and that we will address later.

**CHAIRPERSON:** Yes, no what I want to find out as at this stage is whether when we – when you say 57 minutes, that was 57 minutes of  
20 air-time for Eskom on what Eskom wanted to – the world to hear about Eskom?

**MR CHOEU:** No not all of the time.

**CHAIRPERSON:** So how much actual air-time would be given to Eskom, for Eskom to convey to the world what it wanted to convey?

**MR CHOEU:** Okay, let me just explain how this breakfast were the –

first of all Eskom would be given time in a breakfast to speak and that won't be online you see and then the announcers will talk to people, Eskom was talking about this on this issue but it wouldn't be on TV. Number two and most importantly the 57 minute would be taken where, depending on the topic of the Minister and at times the Ministers never focus only on Eskom, they will start at the beginning in the introduction then they'll focus on what that department is and then from there the MC – may I call them MC for the purpose of today, the announcer or whatever you call it, would then take questions from the public. So the  
 10 public would then send questions through and they will say we have received this question from Chose Choeu in Bloemfontein, this is the question. At times this question would relate to Eskom at times this question would relate to somebody else.

**CHAIRPERSON:** Well what you have just told me suggests to me that there is no basis for saying that Eskom got a lot of air-time to say – to convey whatever message it wanted to convey, am I correct?

**MR CHOEU:** No you may be correct.

**CHAIRPERSON:** Ja okay.

**ADV HOFMEYR:** And if I may just follow up on that, thank you Chair,  
 20 this bullet point at the end of page two is entitled, yield a tangible return on investment, right that tends to suggest to me that some sort of cost benefit analysis is being done between how much it costs to get this air-time and the benefit accrued to Eskom, is that correct?

**MR CHOEU:** We never did that because that was supposed to happen post the event and that would be the role of mass marketing after

Eskom got a time to evaluate using a number including that, it was never done.

**ADV HOFMEYR:** Yes, it was never done?

**MR CHOEU:** It was never done.

**ADV HOFMEYR:** So why then do you say that TNA sponsorship yielded tangible return on investment, if that analysis was never done?

**MR CHOEU:** I made that assumption because I could – I can't quantify it but I wouldn't say totally there was no return on our investment.

**ADV HOFMEYR:** No Mr Choeu the proposition is as follows, if no  
10 analysis had ever been done on that link between investment and benefit how can the positive statement be that there was a return on investment through the TNA sponsorship?

**MR CHOEU:** Well this might not have been put to you but my intention was to say it couldn't be that there was totally no form of investment that Eskom got out of this breakfast at all, you can't say they got zero but you are correct ja.

**ADV HOFMEYR:** You can't say it got anything more than zero either.

**MR CHOEU:** No, no I wouldn't say – I'm not saying that.

**CHAIRPERSON:** Well Mr Choeu that sentence there, read in context  
20 seems to seek to tell the reader that actually Eskom did get a meaningful return on its investment, what do you say to that?

**MR CHOEU:** I wouldn't say...[intervenes].

**CHAIRPERSON:** It's not put in there to say Eskom got a negligible return on investment, it's not put there for that purpose?

**MR CHOEU:** That's the word that I would have used.



**CHAIRPERSON:** You agree with that?

**MR CHOEU:** Yes, that I would have used, I wouldn't say zero.

**CHAIRPERSON:** Yes, so if it is not intended to say Eskom got negligible – a negligible return then it must be put in there to convey to the reader that whatever return that Eskom got must have been meaningful or was meaningful otherwise, I think, if the intention was different I thought that it would be put differently to say, well Eskom got some insignificant return or a return that's not really worth mentioning. Otherwise when I read this sentence in this context it seems to convey  
10 to me to say, you know what Eskom did get some meaningful return.

**MR CHOEU:** No I hear you Chair.

**CHAIRPERSON:** Yes, you would accept that?

**MR CHOEU:** I hear you.

**CHAIRPERSON:** Okay but you wanted to say something about that meaning of it, as you sit there you – that's not what you would say, as you sit there today?

**MR CHOEU:** As I sit here today, what I would I would say – you see what I would not say – I like the word negligible to a certain extent because even the little studies that marketing did, did talk about 28%  
20 there and that type of thing, so there has been some...[intervenes].

**CHAIRPERSON:** Of course if you get something like 28% bearing in mind what Eskom had put in, that wouldn't justify – would it justify the investment?

**MR CHOEU:** No Chair it was saying it's 28% for the top class and 78% for the lower class so...[intervenes].

**CHAIRPERSON:** Oh okay but what was it saying, was it saying that those are the percentages of the people reached or...[intervenes].

**MR CHOEU:** Yes.

**CHAIRPERSON:** That was the point.

**MR CHOEU:** Ja and also the difficulty Chair, I think is the fact that, when you are working with a new company, a new newspaper, a new everything you can only make your assessment after about a year minimum.

**CHAIRPERSON:** Yes.

10 **MR CHOEU:** You see. During the year you can only take people from their wording.

**CHAIRPERSON:** Hm.

**MR CHOEU:** We are doing this and we think you are selling so much.

**CHAIRPERSON:** Hm, hm.

**MR CHOEU:** You see.

**CHAIRPERSON:** Hm.

**MR CHOEU:** But to do an independent - first of all you take word of mouth.

**CHAIRPERSON:** Hm.

20 **MR CHOEU:** It is a salesperson.

**CHAIRPERSON:** Hm.

**MR CHOEU:** Sales people will only give you - this car will give you this (indistinct).

**CHAIRPERSON:** Hm.

**MR CHOEU:** After driving it for some time ...

**CHAIRPERSON**: Hm.

**MR CHOEU**: Is then that you will be able to come back and say ...

**CHAIRPERSON**: Hm.

**MR CHOEU**: But your figures ...

**CHAIRPERSON**: Hm.

**MR CHOEU**: Do not tally with ...

**CHAIRPERSON**: Hm.

**MR CHOEU**: My figures.

**CHAIRPERSON**: Hm. I guess that is - that would be in part the  
10 rationale behind what Mr Pretorius said.

**MR CHOEU**: Yes.

**CHAIRPERSON**: Namely that Eskom does not neglect small  
newcomers, but it has something but something that is commensurate  
with the risks involved and with their size.

**MR CHOEU**: And ...

**CHAIRPERSON**: In other words in terms of advertising. You - you give  
them but something that is not too much and you bear in mind the risks  
involved that ...

**MR CHOEU**: Yes.

20 **CHAIRPERSON**: That - the - the risks that are attached to them.

**MR CHOEU**: Yes, yes.

**CHAIRPERSON**: Ja. Okay.

**ADV HOFMEYR**: Thank you Chair. Mr Choeu if we can then go on to  
the next page.

**MR CHOEU**: Hm.

**ADV HOFMEYR**: Page 3.

**MR CHOEU**: Hm.

**ADV HOFMEYR**: You talk at paragraph 3.4 ...

**MR CHOEU**: Hm.

**ADV HOFMEYR**: About potential sponsorship that meet Eskom's sponsorship criteria ...

**MR CHOEU**: Hm.

**ADV HOFMEYR**: Are presented to the Sponsorship Committee for final approval.

10 **MR CHOEU**: Hm.

**ADV HOFMEYR**: Mr Choeu in that respect your evidence is consistent with the evidence of Mr Pretorius this morning.

**MR CHOEU**: Yes, yes.

**ADV HOFMEYR**: Is that correct?

**MR CHOEU**: Yes.

**ADV HOFMEYR**: You were in attendance for his evidence. Is that correct?

**MR CHOEU**: Yes, yes. *Ja*.

20 **ADV HOFMEYR**: Thank you. So you can confirm that at least insofar as that aspect is concerned ...

**MR CHOEU**: Hm.

**ADV HOFMEYR**: Would it be fair to say it is - it is policy that the Sponsorship Committee weigh on all sponsorship proposals?

**MR CHOEU**: That?

**ADV HOFMEYR**: That they weigh in. That they take a decision on

sponsorship proposals.

**MR CHOEU**: Most definitely.

**ADV HOFMEYR**: Thank you. You then go on at paragraph 3.5 to say:

“TNA’s request for an Eskom sponsorship for the business breakfasts was never presented to the Sponsorship Committee and was not assessed to determine which of the five objectives of the Sponsorship Policy were met.”

Do you see that?

10 **MR CHOEU**: Go again.

**ADV HOFMEYR**: At paragraph 3.5.

**MR CHOEU**: Hm.

**ADV HOFMEYR**: You make there that TNA’s request for an Eskom sponsorship was never presented to the Sponsorship Committee ...

**MR CHOEU**: Yes.

**ADV HOFMEYR**: Nor was it ever assessed to determine which of the five objectives of the Sponsorship Policy were met.

**MR CHOEU**: Yes.

**ADV HOFMEYR**: Do you see that?

20 **MR CHOEU**: (No audible reply).

**ADV HOFMEYR**: Is that unusual?

**MR CHOEU**: Yes. It is very, very unusual but I think the committee - I - I was not part of that decision that it should go here. I think the - the marketing - the marketing team when they made this decision and I that time I support that decision was that this is a combo. They are talking

about newspapers, media and what do you call it?

Media and stakeholder engagement and all these things together. That they thought it - and it - as it came out also in Mr Pretorius that that was the conundrum that we faced that this comes as a combo and that is what he thought the possible way to go through this was to go to MediaShop.

**ADV HOFMEYR**: Well could we just break that down a bit? I am happy to understand you to say that there was an advertising component ...

**MR CHOEU**: Huh-uh.

10 **ADV HOFMEYR**: In the first contract and a sponsorship component.

**MR CHOEU**: *Ja*.

**ADV HOFMEYR**: Is that correct?

**MR CHOEU**: Yes.

**ADV HOFMEYR**: For the moment ...

**MR CHOEU**: And the broadcasting component.

**ADV HOFMEYR**: Well the broadcasting is bound up in the sponsorship.

**MR CHOEU**: Okay.

**ADV HOFMEYR**: Is it not?

**MR CHOEU**: Okay.

20 **ADV HOFMEYR**: Because the sponsorship was of the business breakfast ...

**MR CHOEU**: Yes.

**ADV HOFMEYR**: And it was the business breakfast that were going to be broadcast. Correct?

**MR CHOEU**: *Ja*. No, but we did not break it that way though we call it

sponsorship. To ask all those things - you see if you look at the - the - what do you call it? The sponsorship contract all of it is that sponsor the breakfast and in the breakfast you have this sub element.

**ADV HOFMEYR**: Yes.

**MR CHOEU**: It was not sponsor this sub element and a breakfast.

**ADV HOFMEYR**: No, no.

**MR CHOEU**: So they took it as a combo.

**ADV HOFMEYR**: I do not think we are at cross purposes.

**MR CHOEU**: Yes.

10 **ADV HOFMEYR**: There is advertising in the newspaper ...

**MR CHOEU**: Yes.

**ADV HOFMEYR**: Of TNA.

**MR CHOEU**: Hm.

**ADV HOFMEYR**: Correct and there is sponsorship of the business breakfast.

**MR CHOEU**: Yes.

**ADV HOFMEYR**: Correct? Those are two distinct parts ...

**MR CHOEU**: Yes.

**ADV HOFMEYR**: Of the first contract.

20 **MR CHOEU**: Of the contract.

**ADV HOFMEYR**: Correct.

**MR CHOEU**: Hm.

**ADV HOFMEYR**: At the moment we are talking about the sponsorship part.

**MR CHOEU**: Okay.

**ADV HOFMEYR**: The part that deals with the business breakfasts ...

**MR CHOEU**: Yes.

**ADV HOFMEYR**: And as I understand your and Mr Pretorius' evidence it is that any sponsorships that come to Eskom must go to the Sponsorship Committee for approval.

**MR CHOEU**: Yes.

**ADV HOFMEYR**: Correct?

**MR CHOEU**: Yes.

**ADV HOFMEYR**: The TNA's sponsorship proposal did not go to the  
10 committee. Correct?

**MR CHOEU**: Did not. They took the whole thing as it is.

**ADV HOFMEYR**: And - no. Let us not go the whole thing. I am just interested now in the sponsorship part.

**MR CHOEU**: Yes. It did not.

**ADV HOFMEYR**: It did not?

**MR CHOEU**: Yes.

**ADV HOFMEYR**: And then my question was is that unusual that a sponsorship proposal that comes to Eskom did not go to the Sponsorship Committee?

20 **MR CHOEU**: It is unusual but I think also they were dealing with an unusual combo of a request.

**ADV HOFMEYR**: And when we get to the third Eskom contract that dealt with only sponsorships ...

**MR CHOEU**: Yes.

**ADV HOFMEYR**: You will accept that there was not that overlap issue



at all?

**MR CHOEU**: Can we park it and talk about because it was a special - yes it total did not deal with that.

**ADV HOFMEYR**: Thank you. If we then go over to page 4.

**CHAIRPERSON**: So I am sorry Ms Hofmeyr.

**ADV HOFMEYR**: Yes.

**CHAIRPERSON**: So as far as the sponsorship - the TNA sponsorship ...

**MR CHOEU**: Hm.

10 **CHAIRPERSON**: Proposal is concerned by virtue of the fact that it did not go to the committee concerned. It was in breach of the policy - Sponsorship Policy of Eskom?

**MR CHOEU**: It was, but even all the (indistinct) never ever said it was in breach because like Mr Pretorius announced that when we deal with media because they do things at short notice. That is why we had MediaShop ...

**CHAIRPERSON**: Hm.

**MR CHOEU**: To deal with everything that we do with media.

**CHAIRPERSON**: Hm.

20 **MR CHOEU**: In - in retrospect ...

**CHAIRPERSON**: Huh-uh.

**MR CHOEU**: We should have taken - subtracted that ...

**CHAIRPERSON**: Hm.

**MR CHOEU**: And taken the sponsorship ...

**CHAIRPERSON**: Hm.

**MR CHOEU:** To the Sponsorship Committee.

**CHAIRPERSON:** Hm.

**MR CHOEU:** It was irregular.

**CHAIRPERSON:** Hm. Okay.

**ADV HOFMEYR:** Mr Choeu you did in fact try and take the second contract - well you did take the second contract to the Sponsorship Committee for approval, but it was turned down. Was it not?

**MR CHOEU:** *Ja.* Maybe - now it is going to cleanse this.

**CHAIRPERSON:** Oh you. Oh. I thought you - you were meaning she  
10 might be confusing you.

**MR CHOEU:** *Ja. Ja.*

**CHAIRPERSON:** With going to two contracts.

**MR CHOEU:** That you are conferring the two contracts.

**ADV HOFMEYR:** Yes.

**MR CHOEU:** As we were working with TNA issues including taking our - what do you call it? Our supplier to court - I mean not to court. To the lawyers and all. The relationship was not - we really ...

**CHAIRPERSON:** Became strained?

**MR CHOEU:** Became strained and Parliamentary questions started  
20 appearing at the same time, but parallel to that Chair Pieter Pretorius had already gone to Eskom Subcommittee of Exco called the IFC to go and tell them we do not money for these breakfasts. At conception when we start working with these people we thought they are small company that are coming in and then it will be over very soon.

Now they want multiple contracts. We are not going to use

our money. We want you - IFC - which is made up of Exco members to give us money. So they gave us money. Parallel to that I decided because of these Parliamentary questions that we went through and the reputational risk that now let us take this to the sponsorship part to - and that is why ...

**CHAIRPERSON:** The committee?

**MR CHOEU:** That is why it - actually it was even around (indistinct) rushing to say let us say and the committee declined that and I said that we - with Exco that the committee declined that the decision had  
10 already been made that we are going to sponsor these breakfasts. It was my attempt to regularise this type of thing.

Similar to what Mr Pretorius did mention later that we even went to our own MANCO and - how do we regularise these requests that are now multiplying. The guys that originally came as asking for advert which we thought it was right. It is a new newspaper and in fact Chair, may I mention MediaShop itself between 2010, December when the newspaper was ...

**CHAIRPERSON:** Launched.

**MR CHOEU:** Launched ...

20 **CHAIRPERSON:** Hm.

**MR CHOEU:** In March because our finances in - end up in March. They had already spent on their own without our own direction R300 million. I do not know - not 300 million - 350 ...

**CHAIRPERSON:** 300 000?

**MR CHOEU:** Thousand - quarter but plus a little bit over a quarter of a

million. On their own and then we think they themselves were persuaded with the fact that it is a new newspaper. Every newspaper that we have here has been a new newspaper.

**CHAIRPERSON**: They had spent that amount on The New Age?

**MR CHOEU**: On The New Age advert.

**CHAIRPERSON**: Oh.

**MR CHOEU**: In three months. I do not - I - I do not see the ...

**CHAIRPERSON**: I saw a reference to 300 000 in Mr Pretorius bundle ...

10 **MR CHOEU**: I think it was 340 but ...

**CHAIRPERSON**: But I do not know if - if it was related - it is related to The New Age or not.

**MR CHOEU**: Ja. It was ...

**ADV HOFMEYR**: Mr Choeu will you help us with that because the 300 000 that I am aware of in Mr Pretorius' affidavit ...

**MR CHOEU**: Ja.

**ADV HOFMEYR**: Relates to the cost of supporting a Male & Guardian breakfast.

**CHAIRPERSON**: Oh yes. I (intervenes).

20 **ADV HOFMEYR**: He was trying to draw a comparison

**CHAIRPERSON**: Ja.

**ADV HOFMEYR**: Between Mail & Guardian and the 1.2 million ...

**CHAIRPERSON**: Hm.

**ADV HOFMEYR**: Per breakfast that was charged by TNA, but I am interested in your point about between the end of 2010 and March ...

**MR CHOEU:** Yes.

**ADV HOFMEYR:** 2011 ...

**MR CHOEU:** Yes.

**ADV HOFMEYR:** And some spend by the MediaShop with TNA ...

**MR CHOEU:** *Ja*.

**ADV HOFMEYR:** Because you will have heard from Mr Pretorius' evidence ...

**MR CHOEU:** Hm.

**ADV HOFMEYR:** That the view of the MediaShop at the time that the  
10 first contract was entered into was that it did not make business sense  
...

**MR CHOEU:** Hm.

**ADV HOFMEYR:** For Eskom to enter into that contract. So you are aware of that?

**MR CHOEU:** Yes. I am - I am very much aware of that. In fact everybody and all the questions from the Public Protector and from Parliament all of them were saying the same.

**ADV HOFMEYR:** Yes.

**MR CHOEU:** For our reputation it was not good at all even ...

20 **ADV HOFMEYR:** Well ...

**MR CHOEU:** *Ja*.

**ADV HOFMEYR:** Let us just start with ...

**CHAIRPERSON:** But I am sorry Ms Hofmeyr. I think Ms Hofmeyr is specifically asking whether you were aware at the time that ...

**MR CHOEU:** No, no. It was not shared with me at all.

**CHAIRPERSON:** That ...

**MR CHOEU:** No. It was a communication between themselves.

**CHAIRPERSON:** Okay. Hang on, hang on, hang on. Let us not speak at the same time.

**MR CHOEU:** Okay.

**CHAIRPERSON:** She is asking whether you were aware at the time that MediaShop had spent that kind of money on The New Age.

**MR CHOEU:** No Chair.

**CHAIRPERSON:** Oh. It is something you got to know later?

10 **MR CHOEU:** In fact only when I was putting together - I do not know where is - I do not have the annexure here.

**CHAIRPERSON:** Oh. In preparation for your evidence here?

**MR CHOEU:** Yes. I do not know where I saw - saw it.

**CHAIRPERSON:** Oh, okay.

**ADV HOFMEYR:** Mr Choeu I would like assistance with that and it is almost inevitable that we will not complete Mr Choeu's evidence today Chair.

**CHAIRPERSON:** Yes, yes.

20 **ADV HOFMEYR:** So maybe it is something he can just look for overnight.

**CHAIRPERSON:** You can look it - look it up overnight ...

**MR CHOEU:** Hm.

**CHAIRPERSON:** And then tomorrow when you come back.

**MR CHOEU:** I am - I - I hope I will be able to ...

**ADV HOFMEYR:** Because can I tell you why I am particularly

interested in receiving that Mr Choeu because it seems to be diametrically opposed to what the MediaShop reported to Mr Pretorius when the responses to the Parliamentary questions came through in 2012.

**MR CHOEU**: Huh-uh.

**ADV HOFMEYR**: You might recall that there was an email that we looked at earlier today from Ms Zikalala of the MediaShop to Mr Pretorius.

**MR CHOEU**: Hm.

10 **ADV HOFMEYR**: Where she indicated to him she had made contact with Mr Depoko who was there at the time of the origination of this contract and he had instructed that advertising in the paper given the amount of money would not be in Eskom's interests. Do you recall that evidence?

**MR CHOEU**: Yes and she was telling Mr Pretorius giving Mr Pretorius this information after the fact to.

**ADV HOFMEYR**: Yes, but was Mr Depoko's ...

**MR CHOEU**: Yes.

20 **ADV HOFMEYR**: Attitude at the time that the first contract was being entered into. That it did not make commercial sense for Eskom to enter into that contract.

**MR CHOEU**: Ja. That is - stay on - that is what was for me - yes. I - I saw that that and it was interesting that it was not shared with Mr Pretorius when Mr Pretorius started the first contract. He is only told when Parliamentary questions are presented and I was never told

about it because this is service provider that we appointed in order to make us conscience of those type of things.

**ADV HOFMEYR:** Thank you. I - I will take you to Mr Pretorius' affidavit and what he indicates he did relay to you after the first interactions with TNA, but if we may get there in a moment, because I would like sequentially to deal with each contract if we may and at this stage we actually in the introductory section of your affidavit.

So let us maybe continue at the introductory level and then we go to the details of each contract. Mr Choeu if we can pick it up at  
10 page 4 of your affidavit and particularly at paragraph 3.7.

**MR CHOEU:** Hm.

**ADV HOFMEYR:** You say at paragraph 3.7:

“In order for Eskom to consider a sponsorship request the following criteria would have been applied.”

And then you give a primary weighting criteria under A and a secondary weighting criteria under B. Do you see that?

**MR CHOEU:** Hm.

**ADV HOFMEYR:** I would like to pick up on one or two aspects of the  
20 primary selection criteria. The fourth bullet point down.

**MR CHOEU:** One, two, three, four - the last one?

**ADV HOFMEYR:** The - the second from last.

**MR CHOEU:** Ja.

**ADV HOFMEYR:** It says:

“Partners must be able to deliver. They must have



resources and experience and a track record of  
success.”

Do you see that?

**MR CHOEU**: Hm.

**ADV HOFMEYR**: How as that evaluated for TNA?

**MR CHOEU**: No, because (indistinct).

**ADV HOFMEYR**: If you could just turn on your ...

**CHAIRPERSON**: I am sorry. *Ja*, turn on your ...

**ADV HOFMEYR**: Thank you.

10 **CHAIRPERSON**: But also I thought you said page 4.

**MR CHOEU**: *Ja*. It is page 4.

**CHAIRPERSON**: Ms Hofmeyr.

**ADV HOFMEYR**: Yes. Of the affidavit. Page 4 ...

**CHAIRPERSON**: Yes.

**ADV HOFMEYR**: And paragraph 3.7 Chair.

**CHAIRPERSON**: Yes.

**ADV HOFMEYR**: It is the fourth bullet down.

**CHAIRPERSON**: Oh. *Ja*. Thank you.

20 **ADV HOFMEYR**: Certainly. I was asking whether the track record was  
capable of being assessed with TNA.

**MR CHOEU**: No. If you look at 3.8 - I am sorry. There is a mistake  
there.

“The above sponsorship criteria was not applied to  
the TNA Sponsorship request. This criteria was  
applied - so not applied. It is supposed to be -

sorry. Not applied there - because Eskom had a media buying agency - the MediaShop and was resolved that we would support through the existing relationship with the media buying agency.”

So the - the short of it all we did not apply these - because we did not go to the Sponsorship Committee.

**ADV HOFMEYR:** Indeed.

**MR CHOEU:** Ja and in fact let me just explain because Mr Pieter Pretorius did not explain. Normally even before the  
10 sponsorship goes to the committee there was a team that reports to Mr Pretorius. Then they would look at the sponsorship. So that by the time they go to the - you would know almost where they have - because they have this criteria and the team - MANCO meeting does not have the time to go through each and every criteria.

So they will go through each and every criteria and they had a weighting that they use for everything and it did not go through that.

**ADV HOFMEYR:** Let us move to page 5 then and just go systematically through the genesis of each of these contracts ...

**MR CHOEU:** Yes.

20 **ADV HOFMEYR:** If we may because I would like to track ...

**CHAIRPERSON:** I am - I am sorry Ms Hofmeyr.

**ADV HOFMEYR:** Yes sir.

**CHAIRPERSON:** I am not - not sure whether I understood Mr Choeu's answer. You - you made reference to - you said something that suggested to me that you were saying you did not - the TNA

Sponsorship did not go to the committee because you used the MediaShop.

**MR CHOEU**: This is - *ja*. That - we took it to the MediaShop.

**CHAIRPERSON**: *Ja*.

**MR CHOEU**: Instead of taking it to the committee.

**CHAIRPERSON**: Is - is the suggestion that if it is dealt with by the MediaShop then it did not have to go the committee?

**MR CHOEU**: This is what we thought so because we are looking at it from our point of view ...

10 **CHAIRPERSON**: Hm.

**MR CHOEU**: As a combo.

**CHAIRPERSON**: Hm.

**MR CHOEU**: That we have received a - a request from media and this decision was with a (indistinct) that came from the - the marketing team.

**CHAIRPERSON**: Hm.

**MR CHOEU**: That we are dealing with the media - what do they call it? With a media house.

**CHAIRPERSON**: Hm.

20 **MR CHOEU**: The way we deal with all media houses.

**CHAIRPERSON**: Hm.

**MR CHOEU**: We go through. I am not even aware whether because I was not at Eskom.

**CHAIRPERSON**: Hm.

**MR CHOEU**: When we dealt with - the dates are not here. When we

dealt with - what do you call it? Male & Guardian as was mentioned.

Whether did we go straight to MediaShop or did we go to the ...

**ADV HOFMEYR**: Well Mr Choeu if it was a sponsorship there would have been no reason to go to MediaShop (intervenes).

**MR CHOEU**: No. I do not know whether - where it went.

**ADV HOFMEYR**: I understand.

**CHAIRPERSON**: You - you see I was trying to understand.

**MR CHOEU**: Yes.

**CHAIRPERSON**: Where the MediaShop fits in insofar as the question  
10 of - the question whether you should have or should not have been  
taken to the committee.

**MR CHOEU**: *Ja*.

**CHAIRPERSON**: So I was trying to - to understand whether you are saying because it went to the MediaShop or because it had to be taken to the MediaShop ...

**MR CHOEU**: Hm.

**CHAIRPERSON**: There was no obligation to take it to the committee.

**MR CHOEU**: No. No, no, not.

**CHAIRPERSON**: Or what exactly are you saying?

20 **MR CHOEU**: No. I am not saying that.

**CHAIRPERSON**: Yes.

**MR CHOEU**: I am saying the team ...

**CHAIRPERSON**: Hm.

**MR CHOEU**: Apparently decided to take it straight to MediaShop ...

**CHAIRPERSON**: Hm.

**MR CHOEU**: Because the whole combo ...

**CHAIRPERSON**: Hm.

**MR CHOEU**: It was not one thing.

**CHAIRPERSON**: Hm.

**MR CHOEU**: It was MediaShop saying would you sponsor ...

**CHAIRPERSON**: Hm.

**MR CHOEU**: And then we have these little things v...

**CHAIRPERSON**: Hm.

**MR CHOEU**: Advertising and this and this and this and sponsor the  
10 breakfast ...

**CHAIRPERSON**: And ...

**MR CHOEU**: And took it as it is.

**CHAIRPERSON**: And they taking it there had nothing ...

**MR CHOEU**: It ...

**CHAIRPERSON**: To do with not taking it to - to the committee.

**MR CHOEU**: No. I - in my mind ...

**CHAIRPERSON**: Those are two separate things.

**MR CHOEU**: It was a mistake. They should have taken - we should  
have taken out.

20 **CHAIRPERSON**: Oh.

**MR CHOEU**: They did ...

**CHAIRPERSON**: The sponsorship?

**MR CHOEU**: Out of the ...

**CHAIRPERSON**: Of a combo - as you call it?

**MR CHOEU**: Out of the combo.

**CHAIRPERSON:** Okay. Alright.

**ADV HOFMEYR:** Indeed. So if we go back to 3.8 then Mr Choeu I suggest to you that there does not need to be a further revision to your affidavit ...

**MR CHOEU:** Oh no.

**ADV HOFMEYR:** Because you say there at paragraph 3.8 on page 4 that:

“The above sponsorship criteria was not applied to  
the TNA sponsorship requests.”

10 **MR CHOEU:** Hm.

**ADV HOFMEYR:** And you say:

“This criteria was not applied because Eskom had a  
media buying agent - the MediaShop - and we  
resolved that we would support TNA through the  
existing relationship with the media buying agent.”

**MR CHOEU:** Yes.

**ADV HOFMEYR:** What I understand you to have clarified for us now is that insofar as there was a sponsorship component of the first contract with TNA ...

20 **MR CHOEU:** Hm.

**ADV HOFMEYR:** That ought to have gone to the Sponsorship Committee. Correct?

**MR CHOEU:** Hm. That ought to have gone there.

**ADV HOFMEYR:** Is that correct?

**MR CHOEU:** Ja, but this is what I realised after the fact when all these

questions ...

**ADV HOFMEYR**: I understand.

**MR CHOEU**: Are being asked.

**ADV HOFMEYR**: Just so that we can be clear. Indeed.

**MR CHOEU**: Okay.

**ADV HOFMEYR**: Thank you. Let us go then over if we may to page 5.

Chair we are a few minutes before the end and I am going to now start the topic of the detail of each contract.

**CHAIRPERSON**: Yes.

10 **ADV HOFMEYR**: I am happy to continue for a few minutes or to take the adjournment now and pick it up tomorrow morning.

**CHAIRPERSON**: What is your assessment of our chances of finishing reasonably on time on Friday? We might have to - to add some time during the week ...

**ADV HOFMEYR**: Indeed.

**CHAIRPERSON**: To make sure that on Friday we finish ...

**ADV HOFMEYR**: Indeed.

**CHAIRPERSON**: Or that at least we do not finish too late.

20 **ADV HOFMEYR**: Chair my sense at the moment is that we have hit crunched time yet for want of a better description. The reason for that is that we have Mr Choeu returning tomorrow and one other witness tomorrow and I am fairly confident we will complete both of them in the course of today.

**CHAIRPERSON**: Okay.

**ADV HOFMEYR**: The third witness is scheduled to join us from

Thursday ...

**CHAIRPERSON**: Yes.

**ADV HOFMEYR**: And it may be that from Thursday we may want to start a bit earlier or extend later to be sure ...

**CHAIRPERSON**: Yes.

**ADV HOFMEYR**: To complete by Friday.

**CHAIRPERSON**: Yes.

**ADV HOFMEYR**: If that suits you, but at the moment I - I do not see a need to ...

10 **CHAIRPERSON**: To - to add more.

**ADV HOFMEYR**: Extend today.

**CHAIRPERSON**: Yes. Okay.

**ADV HOFMEYR**: No.

**CHAIRPERSON**: Okay. Then maybe we should stop so that tomorrow you can then start on the new ...

**ADV HOFMEYR**: Indeed.

**CHAIRPERSON**: The features of the details ...

**ADV HOFMEYR**: Indeed.

20 **CHAIRPERSON**: But maybe depending on how long your last witness is maybe - it maybe that we should consider early on Thursday ...

**ADV HOFMEYR**: Indeed.

**CHAIRPERSON**: Or finishing late. So that we will be assured of finishing on Friday.

**ADV HOFMEYR**: We would be indebted for that.

**CHAIRPERSON**: Yes.



**ADV HOFMEYR:** If I may Chair with your leave suggest that we already contact the Thursday witness for an earlier start.

**CHAIRPERSON:** Okay. Yes, yes, yes.

**ADV HOFMEYR:** Just because that will ...

**CHAIRPERSON:** *Ja*. I think so.

**ADV HOFMEYR:** Put us ahead of the schedule.

**CHAIRPERSON:** *Ja*. Okay. So ...

**ADV HOFMEYR:** What time would be convenient for Thursday Chair?

**CHAIRPERSON:** Depending again on how long you think each one of  
10 the last witnesses ...

**ADV HOFMEYR:** Hm.

**CHAIRPERSON:** Will be. There is a possibility of starting at nine or 09:30. There is a possibility of going to five or - or even half past five.

**ADV HOFMEYR:** Indeed. Indeed.

**CHAIRPERSON:** You know. So that there are those possibilities. So ...

**ADV HOFMEYR:** Certainly.

**CHAIRPERSON:** I do not know what your - what your sense is.

**ADV HOFMEYR:** If I may just take a moment.

20 **CHAIRPERSON:** *Ja*.

**ADV HOFMEYR:** Chair my learned friend Mr Mbikiwa has got a better sense of timing than I do suggests we start at nine on Thursday ...

**CHAIRPERSON:** Yes.

**ADV HOFMEYR:** And then take it from there if we may.

**CHAIRPERSON:** Yes. Okay. No. That is fine. Then we do that on

Thursday.

**ADV HOFMEYR**: But 10 o' clock tomorrow Chair.

**CHAIRPERSON**: *Ja.* 10 o' clock tomorrow. Mr Choeu we are going to adjourn for the day and we will resume at 10 o' clock tomorrow morning at which stage you will then continue with your evidence.

**MR CHOEU**: Okay Chair.

**CHAIRPERSON**: Okay. Thank you.

**ADV HOFMEYR**: Thank you.

**MR CHOEU**: I thought you were going to finish.

10 **CHAIRPERSON**: We - we adjourn for the day. We adjourn.

**REGISTRAR**: All rise.

**INQUIRY ADJOURNS TO 30 OCTOBER 2019**