

COMMISSION OF INQUIRY INTO STATE CAPTURE

HELD AT

PARKTOWN, JOHANNESBURG

10

20 MARCH 2019

DAY 70

20

PROCEEDINGS HELD ON 20 MARCH 2019

CHAIRPERSON: Good morning Ms Gcabashe, good morning everybody.

ADV LEAH GCABASHE SC: Good morning DCJ.

CHAIRPERSON: Yes. I heard that counsel for Ms Brown wished to see me but we were running late so if it is something that we can deal with in the open hearing we may do so but failing which we could deal with it in chambers during tea break.

ADV LEAH GCABASHE SC: Chairman he is electing to address you now on the matter.

CHAIRPERSON: Okay that is fine.

10 **ADV LEAH GCABASHE SC**: Thank you Chairman.

CHAIRPERSON: Thank you.

ADV SIMMY LEBALA: Thank you Chair.

CHAIRPERSON: Yes.

ADV SIMMY LEBALA: There is some prevailing uneasiness regarding our two statements we undertook to provide to the August commission.

CHAIRPERSON: Yes.

ADV SIMMY LEBALA: As you would remember Chair we approached you in chamber with the evidence leaders and we mentioned that we have prepared two statements under...

20 **CHAIRPERSON**: One second. You must not walk here once the hearing has started. Once the hearing has started nobody must be walking up and down here in the front. Okay alright.

ADV SIMMY LEBALA: May I start why refresh you Chair?

CHAIRPERSON: Yes please.

ADV SIMMY LEBALA: When we approached you in...

CHAIRPERSON: Yes please ja we were disturbed ja.

ADV SIMMY LEBALA: We mentioned that the two responses we prepared are being delayed in Cape Town because our client is in Cape Town they have to be relayed to Johannesburg. But primarily they were based on what we have received on the short summaries. Our colleagues were generous to give us the summaries.

CHAIRPERSON: I am sorry I am going to disturb you again. Zonika. I am sorry Mr Lebala I just needed to make sure that steps are taken to make sure this thing that does not happen again.

ADV SIMMY LEBALA: Yes may I recapitulate and start where...

10 **CHAIRPERSON**: Please. Please yes.

ADV SIMMY LEBALA: I was referring to the generosity of the evidence leaders. They provided us with the summaries to assist us to understand what allegations were being proffered against Ms Brown. So we responded in her response to Mr Saloojee's statement and Ms Van Rensburg's statement and the response dealt only with those pages. As you can imagine Chair we heard the testimony of Ms Van Rensburg. Now it is more inclusive. Now it raised certain issues that we feel that we have not positively dealt with in the summaries that we have prepared that were reliant on the few pages that were provided to us. What does that mean? We have to relook and have a fresh approach that includes us even including having to bring an application to cross-

20 examine Ms Janse Van Rensburg. We thought that we would never do it. We thought that this little statement the summaries that we have prepared would be adequate. Now we just want to advise and put ourselves on record that we did advice you earlier with our colleagues when he came to approach you in chambers that we will provide those statements on or before today.

CHAIRPERSON: Yes, yes.

ADV SIMMY LEBALA: We are not going to do that.

CHAIRPERSON: Yes.

ADV SIMMY LEBALA: As we want to look at the transcript.

CHAIRPERSON: Yes.

ADV SIMMY LEBALA: And we also would like to enjoy the leverage.

CHAIRPERSON: Ja.

ADV SIMMY LEBALA: Of hearing the full testimony of Mr Saloojee.

CHAIRPERSON: Ja okay. No, no that is fine. But some deadlines have to be met. I do recall yesterday that I think I said to the extent that your client may be out of time
10 already or will be out of time in due course you would be required and she would be required to just act diligently and file or deliver her statements without delay and put in whatever condonation and I would consider the condonation and take it from there.

ADV SIMMY LEBALA: Well Chair.

CHAIRPERSON: Yes.

ADV SIMMY LEBALA: That undertaking still stands.

CHAIRPERSON: Yes, yes.

ADV SIMMY LEBALA: But as we can imagine.

CHAIRPERSON: Yes.

ADV SIMMY LEBALA: Our approach to a statement is going also to be influenced by
20 what we hear.

CHAIRPERSON: Ja.

ADV SIMMY LEBALA: She may not have to include everything.

CHAIRPERSON: Yes, yes, no I understand ja, ja.

ADV SIMMY LEBALA: You know so the more we listen/

CHAIRPERSON: Ja.

ADV SIMMY LEBALA: And please be advised that we follow the commission. My junior colleague is here every day.

CHAIRPERSON: Ja, yes.

ADV SIMMY LEBALA: In the interest of trying to assist the commission.

CHAIRPERSON: Yes, yes.

ADV SIMMY LEBALA: In line with the undertaking she gets.

CHAIRPERSON: Yes, yes. No, not that is fine. That is fine. Thank you.

ADV SIMMY LEBALA: Thank you.

ADV LEAH GCABASHE SC: Thank you Chair. Chairman Mr Azaar Bham senior
10 counsel represents Mr Saloojee the witness. May he place himself on record?

CHAIRPERSON: Yes thank you.

ADV LEAH GCABASHE SC: Thank you.

CHAIRPERSON: Mr Bham.

ADV AZHAR BHAM: Thank you Deputy Chief Justice.

CHAIRPERSON: Thank you.

ADV AZHAR BHAM: I appear – my name is Azhar Bham.

CHAIRPERSON: Yes.

ADV AZHAR BHAM: From the Johannesburg Bar.

CHAIRPERSON: Yes.

20 **ADV AZHAR BHAM:** I appear for the next witness Mr Riaz Saloojee.

CHAIRPERSON: Yes.

ADV AZHAR BHAM: I am instructed by Kamogelo Khatle who is on my left.

CHAIRPERSON: Yes.

ADV AZHAR BHAM: From the law firm Mkhabela Huntley Attorneys.

CHAIRPERSON: Thank you very much.

ADV AZHAR BHAM: Thank you Mr Chair.

CHAIRPERSON: Thank you. Thank you. Yes.

ADV LEAH GCABASHE SC: Thank you Chairman.

CHAIRPERSON: You may proceed.

ADV LEAH GCABASHE SC: Chairman today the commission will be taking the testimony of Mr Saloojee his first name is Riaz. His evidence will principally span the period 2014 to 2015. He will give the commission a perspective of what he and other members of the executive team that he led experienced in this period. In particular he will be speaking also for the CFO Mr Fikile Mhlontlo and the company secretary Ms Elizabeth Africa. As the Chairman may be aware just from the documentation that has been presented the three of them were suspended in September of 2015 by the board that was inaugurated or in...

CHAIRPERSON: Yes.

ADV LEAH GCABASHE SC: In 2015. Mr Saloojee will be recounting events that deal not only with governance but also with the relationship with the department and with the Minister. He has therefore divided his bundle of evidence into two Chairman. There is a Part 1 and a Part 2 and we have tried to flag them, identify them as such. That is his identification of the issues. So Part 1 Chairman really deals with all the issues that related to his tenure as CEO Operation – well operational matters what matters that he gave leadership on. Part 2 deals with the employment issues that they were faced with once the [indistinct] board took office. Chairman the Part 1 and Part 2 should not be confused with the Exhibits. I will get to describing what the exhibit numbers are and which particular files Mr Saloojee's evidence is in. This really is just preliminary Chairman to say inside the files the way he is going to deal with his evidence is he will first deal with the broad issues around Denel VR Laser to the extent that he is able to

and then he will move on to the employment issues. Chairman as you are aware we indicated on Monday that this stream of work falls within terms of reference 1.1, 1.3 and 1.5 and really the investigation that we have undertaken is to see if there is a pattern that can be established or if there is a facilitation of untoward conduct in terms as [indistinct] would by those terms of reference that this particular commission might have an interest in and my want to look at and draw conclusions from. The – it is important Chairman to point out that the Denel work stream actually has two phases so please do not be surprised if this is our last witness for what we have called phase1. We are working on a phase 2 which really deals with matters that transpired after Mr Saloojee
10 and the then ex CO had left office.

CHAIRPERSON: Okay.

ADV LEAH GCABASHE SC: Those are matters that he really does not have.

CHAIRPERSON: Yes.

ADV LEAH GCABASHE SC: Personal knowledge of so those will be brought to your attention in due course.

CHAIRPERSON: Okay, okay.

ADV LEAH GCABASHE SC: Chairman might I ask that Mr Saloojee be sworn in?

CHAIRPERSON: Before that is done.

ADV LEAH GCABASHE SC: Yes my apologies yes.

20 **CHAIRPERSON**: Let us get clarity on the two files we talked about Part 1 and Part 2.

ADV LEAH GCABASHE SC: Chairman that is...

CHAIRPERSON: They are both marked Exhibit W4.

ADV LEAH GCABASHE SC: Yes.

CHAIRPERSON: And then one is marked File 1 of 2 and the other is marked File 2 of 2. So I assume that the one you referred to as Part 1 is the one that is marked File 1

ADV LEAH GCABASHE SC: No, no Chairman. If you would Chairman because your files were brought quite early we started changing the markings on the spine.

CHAIRPERSON: Yes.

ADV LEAH GCABASHE SC: So File 1 of 1 you should really mark A next to W4 mark it A.

CHAIRPERSON: Well I – I have got File 1 of 2.

ADV LEAH GCABASHE SC: Yes File 1 of 2

CHAIRPERSON: Not 1 of 1.

ADV LEAH GCABASHE SC: I beg your pardon. File 1 of 2 Chairman.

10 **CHAIRPERSON:** Ja.

ADV LEAH GCABASHE SC: Should be marked A next to W4.

CHAIRPERSON: Okay.

ADV LEAH GCABASHE SC: You have been marking A next to that for the others.

CHAIRPERSON: Yes okay.

ADV LEAH GCABASHE SC: And so it will be consistent in that.

CHAIRPERSON: Yes.

ADV LEAH GCABASHE SC: So that is one set of papers.

CHAIRPERSON: Yes.,

ADV LEAH GCABASHE SC: Then the second file is going to be marked W4B.

20 **CHAIRPERSON:** Okay alright.

ADV LEAH GCABASHE SC: Then Chairman if you open

CHAIRPERSON: So the one file will be Exhibit W4A and the other will be Exhibit W4B.

ADV LEAH GCABASHE SC: Indeed so Chairman.

CHAIRPERSON: Yes okay.

ADV LEAH GCABASHE SC: Thank you. Then if you open W4A Chairman.

CHAIRPERSON: Yes.

ADV LEAH GCABASHE SC: It is just for an orderly presentation of the evidence that you will then see two flags. The first is marked Part 1.

CHAIRPERSON: Yes.

ADV LEAH GCABASHE SC: And the second is marked Part 2.

CHAIRPERSON: Yes.

ADV LEAH GCABASHE SC: And that was just really a structured way of separating the evidence.

CHAIRPERSON: Is Part 2 the second statement that he made?

10 **ADV LEAH GCABASHE SC:** Indeed so.

CHAIRPERSON: He did do that ja okay. No that is fine.

ADV LEAH GCABASHE SC: And he deals exclusively with the employment issues.

CHAIRPERSON: Yes, ja.

ADV LEAH GCABASHE SC: That they had to deal with.

CHAIRPERSON: Yes, yes. No that is fine. Okay thank you.

ADV LEAH GCABASHE SC: Thank you Chairman. Registrar please administer the oath or the affirmation?

REGISTRAR: Please put your full name into the record?

MR RIAZ SALOOJEE: Riaz Saloojee

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

MR RIAZ SALOOJEE: No.

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

MR RIAZ SALOOJEE: Yes.

REGISTRAR: Do you swear that the evidence you will give will be the truth; the whole truth and nothing but the truth

MR RIAZ SALOOJEE: Yes.

REGISTRAR: If so raise your right hand and say, so help me God.

MR RIAZ SALOOJEE: So help me God.

CHAIRPERSON: Thank you very much. You may proceed.

ADV LEAH GCABASHE SC: Thank you Chairman. Mr Saloojee please switch your mic on and you can leave it on for the duration of the hearing. There are four files that are at the witness table. The first two are W4A and W4B. W4A is the one we will be using principally because it has the two statements that you will be confirming in a few minutes. W4B really has annexures to those statements. Then W5A and W5B are
10 reference files. For today's hearing I think we will focus more on W5A because it has the governance documents of Denel in them. So for – by way of example it has the MIO, the shareholder compact, strategic intent statements and so forth that we may refer you to. Then the other part of that bundle has got some transcripts one from Mr Pravin Gordhan's testimony and an affidavit that was filed by the then DG of Treasury, National Treasury dealing with the Section 54(2) Application. I do not believe that you will be dealing very much with File W5B because the material there really is – gives rise to matters that occurred after you left Denel. You comfortable with that?

MR RIAZ SALOOJEE: Yes.

ADV LEAH GCABASHE SC: If I can then take you to File W4A and if you could go to
20 page 1 thereof our page 1 we have numbered 001 and if you keep your finger on page 1 have a quick look at page 1 and then go to the back of that first document if you go to page 28. Can you please identify this document for the Chairman? So page 1 and page 28 are the pages I am interested in.

MR RIAZ SALOOJEE: Ja I am there.

ADV LEAH GCABASHE SC: And then if you could speak up or bring the mic a little

closer. Thank you very much. Yes. Can you identify this document?

MR RIAZ SALOOJEE: Yes it is the statement that I prepared the Part 1 statement before the commission.

ADV LEAH GCABASHE SC: Thank you and the signature on page 28 is – whose it that?

MR RIAZ SALOOJEE: Yes that is my signature.

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

MR RIAZ SALOOJEE: On the 19 February.

ADV LEAH GCABASHE SC: You are familiar with the contents of the statement?

10 **MR RIAZ SALOOJEE:** Yes.

ADV LEAH GCABASHE SC: Thank you. Can you then go to the label Part 2 which – and I am referring you now to page 29 of the paginated papers if you then go to the back to page 51.

MR RIAZ SALOOJEE: Yes.

ADV LEAH GCABASHE SC: Again do you know what this document is?

MR RIAZ SALOOJEE: Yes.

ADV LEAH GCABASHE SC: The signature ...

MR RIAZ SALOOJEE: It is the second – it is the second part of my statement.

ADV LEAH GCABASHE SC: Thank you. The signature on page 51?

20 **MR RIAZ SALOOJEE:** That is mine.

ADV LEAH GCABASHE SC: And when was it signed?

MR RIAZ SALOOJEE: 19 February.

ADV LEAH GCABASHE SC: Thank you. Then all the other documents that are annexed hereto are annexures that you have furnished to the commission?

MR RIAZ SALOOJEE: Yes.

ADV LEAH GCABASHE SC: With the statements

MR RIAZ SALOOJEE: That is correct.

ADV LEAH GCABASHE SC: Thank you. Are there any corrections that you wish to make to the statement before we start traversing its contents? We will start with statement 1 and then we will go to statement – Part 2.

MR RIAZ SALOOJEE: The correction I was referring to its seems to have been resolved so I think it is fine.

ADV LEAH GCABASHE SC: Are you – are you happy with that?

MR RIAZ SALOOJEE: I am happy with that yes.

10 **ADV LEAH GCABASHE SC:** Okay. If at any time there is anything that does arise you will bring it to the Chairman's attention.

MR RIAZ SALOOJEE: Yes.

ADV LEAH GCABASHE SC: You – have you made any similar statements to any court, any tribunal or forum of that nature where there is a record of that statement that has been kept?

MR RIAZ SALOOJEE: No I have not.

ADV LEAH GCABASHE SC: Thank you. Can I then ask you Mr Saloojee to take the Chairman through what you have called a brief history which is really a background synopsis of who you are and in essence how you came to qualify yourself to occupy a
20 position as GCEO at Denel? I will lead you as you go but please if you could start off probably from about paragraph 5?

MR RIAZ SALOOJEE: Thank you Advocate Gcabashe. Chairperson good morning. In terms of my history and how I came to become the GC of Denel it is a long road so I hope you will indulge me.

CHAIRPERSON: Yes no that is fine.

MR RIAZ SALOOJEE: Well just for the record I was the previous Group CEO of Denel from 2012 January until November 2016. I was suspended between September 2015 and November 2016 so that was the background to this.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: I come historically from a political family. I was a student activist in 1980. I attended school at an institution called St Barnabas. I was a member of the SRC then and I was very involved in the protests against the apartheid government at that point. Obviously some of the activities that I was engaged in got to the scrutiny of the apartheid authorities I then left to go into exile in the latter part of
10 1980. I then proceeded to go to Canada where I had to finish studies my A levels I finished those and then in 1981 I was – I had already by then had decided that I am going to join Umkonto we Sizwe the military wing of the ANC. I left Canada and I proceeded to Angola. In 1981 I arrived in Angola at the age of 18 and I started my military training in Angola. I was in Angola for approximately a year and a half 81, 82, 83 I was deployed to the what we now call the Front Line States primarily in Botswana in Zimbabwe and Zambia and for a short period for about nine months on a special project in the United Kingdom. I have been involved in many different aspects of the arms struggle and political struggle but predominantly within the arms struggle. Eventually by 1992 – sorry I also was in the raid that took place in Botswana in 1985 by
20 the former South African Defence Force. By 1992 after having various positions in MK and responsible also for the underground structure of what we call ordinance and that was the movement of weapons and ammunition into the country for Mk operations. I was then in 1992 the Regional Head of Ordinance in Zimbabwe. After the unbanning's of the ANC in 1992 I returned back home from exile and I was based at Shell House the ANC headquarters were – the MK headquarters was as well. During that period I was

also appointed to be an advisor to the sub counsel on defence during the transitional executive council period. I was also part of the negotiating team that was responsible for the integration of all the various armed forces both statutory and non-statutory into the new South African National Defence Force.

ADV LEAH GCABASHE SC: Mr Saloojee I – if I might interrupt just to give you a break, give you time to drink a bit of water as well. So essentially you say you have – you are a military man by training and you took part in the discussions that led to the 1994 change in government. When you look at that background you have just sketched to the Chairman what are the salient parts of that that you think were a strength when
10 you took on leadership roles in various parts of either the corporate world or Denel in this instance? I just want to break it up so that you do not have to give a large piece of information at the end but just from this first set of facts how did that strengthen your hand when you assumed leadership roles?

MR RIAZ SALOOJEE: Thank you Advocate Gcabashe. Chairperson I think given the fact that I joined the military when I was 18 the experience that I have gained with regard to organisational structure how do you manage large organisations? How do you establish networks of organisations? And if I go through from the beginning of my military training right up to the point at which I was also appointed as an advisor to the sub-council and the defence I have operated at what I call a strategic level. I have
20 operated at what I call an operational level where the actual operations and decision making in the establishment of different organisational units are created. And I have operated at the technical level right on the ground with the actual physical movement of material – defence material. So in that process I have grounded myself over that period in a very real way within the military and that is in my blood. But remember because MK was also responsible to the ANC there was a significant level of political

oversight and an understanding of how that arms struggle fitted in to the overall struggle against apartheid. And that then was a logical step into moving into the new environment the new democratic era with I am trying to understand very clearly that both again strategic operational level what is the mandate and role of new national defence force and how should it be established?

ADV LEAH GCABASHE SC: In fact part of that training would also have given you exposure to various countries to leadership at – in government in different military formations and that to was part of that history that you brought when you started off in the SANDF?

- 10 **MR RIAZ SALOOJEE:** Absolutely I mean I think the experience that I gained for many years span across not just in an individual country but across different countries in the continent particularly. How other governments operated? How other governments established their own national defence forces? And I think what is critical also is that because I was involved in the ordinance environment, ordinance as I have indicated earlier referring to the weapons and the ammunition is that I had a very technical understanding of the equipment and the technology that you use in warfare.

ADV LEAH GCABASHE SC: We will get back to that when we talk about a globalising Denel but let ...

- CHAIRPERSON:** Before you proceed Ms Gcabashe I may have misunderstood you
20 but when you were summing up what Mr Saloojee said about his military background I understood you to say he said he was involved in the negotiations that resulted in the change of government in '94 my understanding of his evidence was that he was involved in negotiations for the integration of the military forces, statutory meant statutory but I may have misunderstood. Maybe you could just clarify that?

ADV LEAH GCABASHE SC: I will throw that back at you Mr Saloojee because my

understanding was that that was a component of the change from an undemocratic state to a democratic state. But I think the evidence is better coming from you.

MR RIAZ SALOOJEE: Chairperson I was a member of the team, the MK team, the collective that was responsible for negotiating the establishment of the new national defence force.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: And that entailed the integration into the new national defence force at the point of the elections for the new government in 1994.

CHAIRPERSON: Yes.

10 **MR RIAZ SALOOJEE:** The establishment of the new South African National Defence Force.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: So the – I was part of the team that negotiated the integration.

CHAIRPERSON: Yes, yes.

MR RIAZ SALOOJEE: I do not know if...

20 **CHAIRPERSON:** No, no that accords with my understanding. Maybe because Ms Gcabashe and I might not understand each other where the difference between us is in terms of understanding I just wanted to make sure that if he did not intend to say he was part of the negotiations at national level Codesa and so on if he did not intend to say he was part of that the impression should not be created that he was part of it. My understanding from what he was – is saying is he was involved in regard to the integration of the various military formations and statutory and non-statutory obviously that was part of the overall change that was to happen but for me there is a difference between the two. But he may well have been also involved in Codesa and so on but that is what he may clarify. Mr Saloojee you look like you are keen to clarify?

MR RIAZ SALOOJEE: Chairperson I – yes I think maybe there was a misunderstanding.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: I was part of both.

CHAIRPERSON: You were part of both?

MR RIAZ SALOOJEE: So I was part of the negotiating team.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: That was established in the new defence – I was also an advisor to the sub council on defence.

10 **CHAIRPERSON:** Okay, okay no that is fine then that is clarified.

ADV LEAH GCABASHE SC: Thank you Chairman.

CHAIRPERSON: So I understand why there was that smile on your face Ms Gcabashe.

ADV LEAH GCABASHE SC: Chairman you give us a job to do in the back office and we try to do the job as best we can.

CHAIRPERSON: No thank you.

20 **ADV LEAH GCABASHE SC:** Thank you Chairman. If we can then go back to the statement and could you give the Chairman an impression or the impression you – you were left with at the end of that integration negotiation process in relation to issues that mattered to transforming the DNA of this country and I am really focussing still on that period so I am really at about paragraph 7 of your statement because these are issues I believe that were of particular import to Denel as an organisation?

MR RIAZ SALOOJEE: Thank you Advocate. Chairperson the experience that those of us who were involved in this process had required was incredibly eye opening with regard to the huge challenge that we faced with regard to transformation. We have got

to understand as a country that when we were negotiating with the security forces whether it was in the police environment whether it was in the intelligence services environment and in this instance particularly within the defence environment we were negotiating with individuals who had the forefront of the battle against our people and of course not only inside the country, but outside the country in Angola, in Namibia and elsewhere. It was hugely difficult to get together with a meeting of minds in terms of how we should approach this as a collective and the number of interactions that we had which obviously reflected the huge divide between those who came from what we call the statutory forces the SADF and those of us who came from the non-statutory forces.

- 10 There were issues around particularly around the level of professionalism for example. They did not believe that we were capable of being the kind of professional soldiers that they were for example. There was a huge amount of institutionalism racism in terms of whether during the negotiating process we should have been afforded the ranking systems that we should have, you know, and after the integration it took a huge effort at all levels within the organisation or within the military establishment to ensure that there were interventions that were put in place that not only managed to contain or maintain the institutional credibility of the organisation going forward in a responsible way, but also ensuring that the interventions resulted in a level of transformation that reflected the democratic change. So through that process obviously I have had a huge amount
- 20 of experience without how do you deal with not only organisational transformation but human transformation at an individual level as well and that boded well in terms of my future career with regard to how do we manage organisations where issues of transformation are extremely pertinent and when I got to Denel obviously I found an organisation which was also steeped in a huge amount of transformation issues that was a throwback from the past which I had to deal with when I got there and this

experience obviously prepared me well for that.

CHAIRPERSON: And this was over a decade since 1994 what 16 years or so in 2012?

MR RIAZ SALOOJEE: Yes Chair pre-negotiations and during my.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: My stay in the National Defence Force.

CHAIRPERSON: Yes. Yes, but the point I am clarifying is that the transformation challenges that you say you found at Denel when you were appointed there those were challenges that were there even about 16 years into democracy?

MR RIAZ SALOOJEE: Yes Chair.

10 **CHAIRPERSON**: Thank you.

ADV LEAH GCABASHE SC: Thank you Chairman. Mr Saloojee at paragraph 8 you say you were appointed a Colonel. How old were you at this point in time/

MR RIAZ SALOOJEE: I think I was 34 years old.

ADV LEAH GCABASHE SC: You must have been one of the youngest Colonels in the force?

MR RIAZ SALOOJEE: I think I was Chairperson one of the youngest [intervenes].

ADV LEAH GCABASHE SC: What were? I beg your pardon.

MR RIAZ SALOOJEE: No, I think I was one of the youngest Colonels in the Defence Force at that point.

20 **ADV LEAH GCABASHE SC**: What were your functions? What portfolio did you occupy? What were your daily or responsibilities?

MR RIAZ SALOOJEE: When I was first appointed into the new National Defence Force I was working in the office of the new Minister of Defence who was Joe Modise at that point as his personal staff officer and as an advisor on transformation issues in the Ministry of Defence. So I was actually working in the Ministry at Government level in

uniform.

ADV LEAH GCABASHE SC: Then you continue at paragraph 9 to speak of these experiences. You were then promoted to the rank of Brigadier General. Again what did that come with in terms of experience?

MR RIAZ SALOOJEE: So because I was historically a soldier all my life I was then working in the Ministry and I wanted to go and pursue my career in the National Defence Force Chairperson. So after a few months in the Ministry I asked to be relieved from the Ministry to go back into the National Defence Force and I went back into the National Defence Force on a fulltime basis and in order to gain the credibility of
10 being a fulltime professional soldier again given all the transformation issues as I have indicated there were a few of us who had come from MK who had right from the onset in 1994 decided that in order to prove that we are capable of performing the roles and responsibilities of the rank that we were given and the level of professionalism that we thought we ought to display that we would go through all the different courses that you should have done institutionally to get to the rank of Colonel for example. So in that period I have done South African Army Junior Commanding Staff Course. I have done the South African Air Force Senior Commanding Staff Course. I have done the Joint Staff Course of the SANDF which is now called the Executive National Security Program which is probably the equivalent of a Masters. So I have done every single
20 critical course that is necessary for me to have been then appointed as a Brigadier General in 1998.

ADV LEAH GCABASHE SC: You then moved on and I let you continue.

CHAIRPERSON: Sorry, so you say this was just to make sure that those who may have had different views about whether those people who came from the non-statutory forces whether they had the necessary professionalism for the positions it was just a

way of shutting them up?

MR RIAZ SALOOJEE: Precisely Chairperson.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: Yes.

CHAIRPERSON: Okay.

ADV LEAH GCABASHE SC: And as you explain the courses you did were courses that Junior Officers really would have done already by the time you took the same course as a Brigadier?

MR RIAZ SALOOJEE: Absolutely Advocate Gcabashe. I also just, sorry advocate if I
10 may Chairperson also, my experience and I think this is important also. So when I worked in the Ministry and I worked at Shell House in the negotiations I experienced or gained the experience of working at the political level and the highest strategic level of Government. When I got to the army I was obviously then working at an operational technical level and at some point in 1996 I was then transferred into the South African Air Force to be responsible for the transformation process in the South African Air Force and also to head the intelligence and operational systems when I became a Brigadier General. So not only do I have experience at a strategic political level having worked in the Ministry and in Government. I have also got a lot of experience in the landward environment which is in the army and also my stint in the Air Force gave me a huge
20 amount of exposure to what we call the air environment that is in the Air Force. So it was in a sense an integrated approach across the spectrum of the military.

CHAIRPERSON: You said something earlier and I just want to confirm. Did you say one of the courses that you did is equivalent to a Master's Degree?

MR RIAZ SALOOJEE: Yes Chairperson.

CHAIRPERSON: Yes. Which one is that one?

MR RIAZ SALOOJEE: It is the Executive National Security Program. I know at some point the National Defence Force tried to get it accredited, but I do not know what happened with that process.

CHAIRPERSON: Yes, but it is.

MR RIAZ SALOOJEE: But my understanding is that.

CHAIRPERSON: Normally regarded as.

MR RIAZ SALOOJEE: It is at a very high strategic level.

CHAIRPERSON: Yes. Okay. Thank you.

ADV LEAH GCABASHE SC: You have of course noted those on your CV?

10 **MR RIAZ SALOOJEE:** Yes.

ADV LEAH GCABASHE SC: Which you have annexed to the papers as Annexure RS2?

MR RIAZ SALOOJEE: Yes.

ADV LEAH GCABASHE SC: There is a full CV there Chairman. We will not go through it, because we experience his I mean [intervenes].

CHAIRPERSON: Ja, no that is fine.

ADV LEAH GCABASHE SC: [Intervenes] speak to those issues.

CHAIRPERSON: That is fine, ja.

20 **ADV LEAH GCABASHE SC:** Can I then also just get a further sense before we move to paragraph 10 of the value you might have gained from being exposed to technology and then can you also just speak briefly about whatever you might have taken away from the Defence Review Process which I believe you said you had been involved in? I again say Denel is a global company. Technology is key I would like to think to operations at Denel and you needed to have a keen appreciation of this to be able to show leadership when you eventually got to Denel.

MR RIAZ SALOOJEE: Thank you again Advocate Gcabashe. Chairperson part of the responsibilities that I had whilst I was in the Defence Force and also prior to that when we were looking at the establishment of the new National Defence Force the Defence Review Process had started then in terms of looking at how should this force be structured. Both in terms of its personnel and in terms of the equipment that will align itself to the mandate of the National Defence Force. So the force structure there were two critical elements of the Defence Review. The one was what, first of all it derived from a mandate of the National Defence Force. It was a non-offensive Defence Force. We were not going to be aggressive to anybody. We were there solely to protect the

10 territorial integrity of the country and to assist in peace support missions if and when required by either multilateral or bilateral organisations which South Africa was party to. So that mandate then cascaded down into what we call the force structure and the force design. The force structure was in order to fulfil this mandate what kind of force and how many people, how many different units would you have and then what do you use to equip those units whether it is in the army, the air force, in the navy. So obviously from that process I had a very good understanding of what were the technical product equipment systems capability that was required by the National Defence Force in defence of the country and in fulfilling its mandate and when we get to the Denel part that is exactly we prepared me to understand what we needed to do with regard to

20 strategic defence capabilities.

ADV LEAH GCABASHE SC: Thank you. Let us then go to the employment you secured at SAAB South Africa. Please explain that to the Chairman.

MR RIAZ SALOOJEE: So.

ADV LEAH GCABASHE SC: What moved you out of the Defence Force and into the corporate world?

MR RIAZ SALOOJEE: Thank you Advocate Gcabashe. Chairperson I mean I was still young at that point, you know. I have been a soldier my whole life. I just started a new family. I had a new born that was just born and I was looking at the future as well and I wanted to explore something and I mean one of my forte was understanding the defence's capability industrial environment the technology environment and an opportunity came during that period. I was actually the CEO of a company that was bought by SAAB Sweden. SAAB I am not sure if you are familiar with it. SAAB Sweden it is a defence and electronics company. They operate across the technology spectrum. It is one of the world's leading defence electronics companies and I was
10 employed by them between 2001 and 2010 in various capacities as CEO of some of the organisations. Eventually also as the Group Executive responsible for marketing at business development in Sub-Saharan Africa. So for the whole of Sub-Saharan Africa I was responsible for marketing [background noise] and then eventually in 2010 given the role that I was playing in the organisation and the interventions that I was responsible for I went again through a recruitment process, internal recruitment process for my perspective because I was in SAAB already and I was appointed by the Swedish company, by the Head Office in Sweden as the Group CEO of SAAB in South Africa.

ADV LEAH GCABASHE SC: You then spent nine years in the various divisions of SAAB. That is my understanding of paragraph 10 and then you were elevated to the
20 position of Group CEO of SAAB SA. You spent one year in that particular position. Is that correct?

MR RIAZ SALOOJEE: Yes Advocate Gcabashe. It was just one year and some months, yes.

ADV LEAH GCABASHE SC: Why did you leave SAAB?

MR RIAZ SALOOJEE: Well at that point; sorry before we get there can I just deal with

one other issue and I think it is important Chairperson that during 2010 as well when I joined SAAB as a Group CEO there is an organisation called AMD, the Aerospace Maritime & Defence Organisation and that association represents all the Defence industries in the country. It has a very strong relationship with the Department of Defence and Armscor as well and it basically looks after the interest of the industry and how to promote its technology and its well-being also how to promote it outside of the country into the global environment. So it is a very important industry organisation and in 2010 because of my experience and the leadership role that I was playing in the industry I was also appointed as the Chairperson of the Aerospace Maritime & Defence
10 and I think that is important because it is a milestone in my career as well. Sorry Advocate Gcabashe you are saying.

CHAIRPERSON: Repeat your question. I think.

ADV LEAH GCABASHE SC: I can.

MR RIAZ SALOOJEE: The point why did I leave SAAB?

ADV LEAH GCABASHE SC: Yes, but I am glad you dealt with paragraph 11 as well because really that is part of your corporate experience.

MR RIAZ SALOOJEE: Yes.

ADV LEAH GCABASHE SC: In a sense. So you work in the corporate environment. You are happy there. What made you leave SAAB? What made you move back into
20 essentially Government?

MR RIAZ SALOOJEE: So the position of Group CEO of Denel became available around July 2011 and given my experience and also my continued commitment to the country I mean it was an opportunity that I thought I could use the skills that I had amassed over that period, the experience that I have, the networks of people, my relationship with the decision making environment, my understanding of the political

environment not only locally but in Africa, because of my experience in Sub-Saharan Africa and internationally. That I had the profile and the credibility to lead an organisation like Denel. I was aware of the challenges that Denel had, but I was quite confident that with my ability and my skills that if I went to an organisation not will I only fulfil a responsibility and a commitment to my country that I had fought for, for most of my life but also the challenge of leading an organisation as dynamic as Denel because Denel is a dynamic organisation the human capital, the technology. It is exciting and it cuts across the spectrum of technology within the air environment, the land and the naval environment. So it was a huge challenge and I was encouraged by family and
 10 friends and whatever else to say that this is an ideal job for you. Why do you not apply and I proceeded then to apply for the job.

ADV LEAH GCABASHE SC: So you first heard about the job when you saw the add or had you heard about the job becoming vacant before that?

MR RIAZ SALOOJEE: Advocate Gcabashe everybody was talking about the fact that this job was becoming available. So it was in the industry. It was in Armscor. It was in the DOD. I mean we all knew that the job was becoming available.

ADV LEAH GCABASHE SC: Did you know that the incumbent at the time I think it would have been Mr Sedick had elected not to reapply for the job?

MR RIAZ SALOOJEE: Yes I am aware of that.

20 **ADV LEAH GCABASHE SC:** Do you know him?

MR RIAZ SALOOJEE: Yes.

ADV LEAH GCABASHE SC: Well you would now.

MR RIAZ SALOOJEE: [Intervenes].

ADV LEAH GCABASHE SC: But before you joined Denel did you know him?

MR RIAZ SALOOJEE: Yes.

ADV LEAH GCABASHE SC: He was just an acquaintance?

MR RIAZ SALOOJEE: No, because when I was the Group CEO of SAAB as a defence industry company we all deal with Denel. So I met him during my period as the CEO of SAAB as the CEO of Denel.

ADV LEAH GCABASHE SC: Did you know any, personally know any of the panel members who interviewed you for the job?

MR RIAZ SALOOJEE: Of course, I mean some of the Board Members there for example Mavuso Msimang who was a Board Member. I mean of course I know he is a comrade from the ANC.

10 **ADV LEAH GCABASHE SC:** But there was no pressure put on you to apply for this particular job?

MR RIAZ SALOOJEE: There was no pressure put.

ADV LEAH GCABASHE SC: It was entirely voluntarily?

MR RIAZ SALOOJEE: It was entirely voluntarily and I was looking forward to getting the job.

CHAIRPERSON: Was he the only one on the panel that you knew personally, Mr Mavuso Msimang?

MR RIAZ SALOOJEE: No Chair. There was, I mean.

CHAIRPERSON: There were a few others?

20 **MR RIAZ SALOOJEE:** Obviously because of the industry at different industry functions.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: And at different air shows and whatever else.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: I am acquainted with some of the people.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: On the Board of Denel at that point.

CHAIRPERSON: Ja, okay.

ADV LEAH GCABASHE SC: Of course that appointment had to be approved by Cabinet in any event?

MR RIAZ SALOOJEE: Well Chairperson my understanding of the situation is that you go through and I thought it was a very rigorous selection process. The Board then made a decision in terms of who was the preferred candidate. They make the recommendation to the Minister. The Minister takes it to Cabinet. The Cabinet ratifies
10 their decision and then the appointment is made. So it is a process that has to be gone through.

ADV LEAH GCABASHE SC: Nobody in Cabinet encouraged you to apply for this position?

MR RIAZ SALOOJEE: Not to my knowledge.

CHAIRPERSON: And do you know how many other candidates were or made themselves available and well maybe not everyone who made themselves available, but those who were interviewed how many there were, not necessarily their names?

MR RIAZ SALOOJEE: Chairperson I would not know exactly how, I mean I think there were a few people.

20 **CHAIRPERSON:** You were a few, there were a few people?

ADV LEAH GCABASHE SC: There were a few.

CHAIRPERSON: Ja.

MR RIAZ SALOOJEE: Definitely there were a few people.

CHAIRPERSON: Ja, okay alright.

ADV LEAH GCABASHE SC: On being told of your appointment at Denel one of the

first people you interacted with was Ms Elizabeth Africa because she was the Company Secretary?

MR RIAZ SALOOJEE: Yes.

ADV LEAH GCABASHE SC: And when you joined Denel you found her there. She had been there a while?

MR RIAZ SALOOJEE: Yes.

ADV LEAH GCABASHE SC: The other person you found there was the CFO, Fikile Mhlontla?

MR RIAZ SALOOJEE: That is correct.

10 **CHAIRPERSON:** In your statement I think you said your interview took about two hours. Is that correct?

MR RIAZ SALOOJEE: That is correct.

CHAIRPERSON: Yes and you say it was a vigorous?

MR RIAZ SALOOJEE: It was a thorough process.

CHAIRPERSON: Yes, thank you.

ADV LEAH GCABASHE SC: And Ms Africa and Mr Mhlontla are the same persons with whom you were suspended in September 2015?

MR RIAZ SALOOJEE: That is correct.

20 **ADV LEAH GCABASHE SC:** I just wanted to close that loop. Who was the Minister of Public Enterprises when you assumed office?

MR RIAZ SALOOJEE: The Minister of Public Enterprises Chair was Minister Malusi Gigaba at that point.

ADV LEAH GCABASHE SC: And the Chairman of the Board at that point in time?

MR RIAZ SALOOJEE: It was Mr Zoli Kunene.

ADV LEAH GCABASHE SC: When did Minister Lynne Brown join Denel or I beg your

pardon. Let me get this right. When did Minister Lynne Brown assume office as Minister of Public Enterprises?

MR RIAZ SALOOJEE: It was, if I am correct, it was around May 2014.

ADV LEAH GCABASHE SC: Then the other odd little fact that we will come back to later on is just to establish that you arrived at Denel in January 2012?

MR RIAZ SALOOJEE: That is correct.

ADV LEAH GCABASHE SC: And it was in January, I beg your pardon, it was in early 2012 that you were faced with assisting one of the divisions in taking a decision on whether or not to acquire a stake in LMT, one of the products they wanted to purchase?

10 **MR RIAZ SALOOJEE:** I am not sure, because when I arrived LMT was already in the Denel stable.

ADV LEAH GCABASHE SC: I will come back to that, with the detail on that because it is the transaction that essentially was shepherded by Mr Stephan Burger and really part of it was also the purchase of the BAE and SAA that transaction. I will come back to it.

MR RIAZ SALOOJEE: Advocate Gcabashe let us come back to that.

ADV LEAH GCABASHE SC: We will come back to that.

MR RIAZ SALOOJEE: Yes.

ADV LEAH GCABASHE SC: Because all I want to know is what your role was in assisting Denel take decisions on particular acquisitions that were material to Denel,
20 but let us finish off the history and go back to paragraph 18 where you set out the standard process in appointing a GCO. You have dealt with that?

MR RIAZ SALOOJEE: Yes.

ADV LEAH GCABASHE SC: You then said then Cabinet would approve depending on whether they wanted to or not and in 20 you then talk about your appointment and at first you were given a three year contract you say?

MR RIAZ SALOOJEE: That is correct.

ADV LEAH GCABASHE SC: Which contract was then extended for another two years?

MR RIAZ SALOOJEE: That is correct.

ADV LEAH GCABASHE SC: That would have been what, in 2014?

MR RIAZ SALOOJEE: 2012, 2013.

CHAIRPERSON: Must be 2015.

MR RIAZ SALOOJEE: The end of 2014, yes.

ADV LEAH GCABASHE SC: In fact if you go to page 66 of the papers.

10 **CHAIRPERSON:** Well three years would have been end of 2014?

MR RIAZ SALOOJEE: Yes.

CHAIRPERSON: But if you add two years more it would be.

MR RIAZ SALOOJEE: [Intervenes].

CHAIRPERSON: End of 2016?

MR RIAZ SALOOJEE: *Ja*.

CHAIRPERSON: Is that right? *Ja*.

ADV LEAH GCABASHE SC: Chairman fortunately there is a Letter of Appointment or a Letter of Extension.

CHAIRPERSON: Yes.

20 **ADV LEAH GCABASHE SC:** Which is at page 66 of Annexure W4A, page 66.

CHAIRPERSON: Yes.

ADV LEAH GCABASHE SC: If you could just, it is a very short letter, if you could please read that into the record. So it is.

MR RIAZ SALOOJEE: So which one are you referring to?

ADV LEAH GCABASHE SC: The first file which we call W4A.

MR RIAZ SALOOJEE: *Ja.*

ADV LEAH GCABASHE SC: If you go to page RS66 you will find a letter there that is signed by the then Chairman.

MR RIAZ SALOOJEE: Yes.

ADV LEAH GCABASHE SC: Can you please read that into the record?

MR RIAZ SALOOJEE: Where would you like me to start?

ADV LEAH GCABASHE SC: Right from the, it is a very short letter Mr Saloojee. You can just.

MR RIAZ SALOOJEE: *Ja, okay.*

10 “On behalf of the Board...”

This is from the Chairman of the Board and he is writing to me. He says:

“I am pleased to announce that the shareholder has supported the Board’s decision to extend your contract from three years to five years. Your term of office will therefore be from 16 January 2012 to 16 January 2017. In arriving at the above decision the Board took into consideration the exceptional performance and leadership, the Board’s long term view and strategy for the company and to ensure stability in execution. We wish you the best of luck in achieving your targets and be assured that you have our full support in achieving these objectives.”

20

ADV LEAH GCABASHE SC: So in a sense both the Executing Authority and the Board were satisfied with your leadership of the Executive Management Team when they extended your contract?

MR RIAZ SALOOJEE: That is correct as is indicated in the letter Advocate Gcabashe.

ADV LEAH GCABASHE SC: Absolutely and also.

CHAIRPERSON: And they say quite clearly that they thought you were doing an exceptional job.

MR RIAZ SALOOJEE: That is correct Chairperson.

CHAIRPERSON: Thank you.

ADV LEAH GCABASHE SC: Can we then go to paragraphs 21 to 30 where you deal with Denel's strategic role? Please elaborate on this. If you could just take the Chairman through those paragraphs and as you do so feel free to make reference to Annexure RS4 which you note in these paragraphs. I too have looked areas of
10 Annexure RS4 and when it is convenient I will just point you to the particular areas that I think we should highlight for the Chairman, but if you could just get going.

MR RIAZ SALOOJEE: Okay.

ADV LEAH GCABASHE SC: And just set out what you say in the statement for the Chairman.

MR RIAZ SALOOJEE: Chairperson I am sure in the previous witness testimonies they have elaborated on some of the mandate of Denel.

CHAIRPERSON: Yes. Yes, they have.

MR RIAZ SALOOJEE: And.

CHAIRPERSON: Yes.

20 **MR RIAZ SALOOJEE:** What were the key strategic issues that.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: Influenced Denel. I think.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: Unless you want me to go through the entire thing, what is critical and this is [intervenes].

CHAIRPERSON: Ja, I think you can point just what you consider to be important [intervenes].

MR RIAZ SALOOJEE: I think Chairperson it is really important for us to understand the strategic value of Denel, because we can talk about the fact that we need to have high technology and we need to invest in research and development, a transformed human capital environment. We need to ensure that we support the industrial base of the country from a defence perspective. Those are all issues that are also in the annual report that Advocate Gcabashe was referring to which we will come back to soon. What is important is to understand that Denel as a state owned company

10 responsible for the defence capability of this country, the strategic defence capability is the custodian of those capabilities and if we allow those strategic capabilities to be in any way eroded it impacts directly on the ability of the SANDF to fulfil its constitutional mandate which is to protect the territorial integrity of this country and that is why it is so critical that when we deal with an organisation like Denel there has to be the kind of sensitivity and the kind of importance attached to ensuring that we safeguard the interest of an organisation like Denel. So of course Denel historically and in the world in many developing countries they do not have the kind of defence industrial capabilities that South Africa has. So when we integrated in 1994 historically because of the apartheid regime and sanctions busting they acquired very key technologies and

20 capabilities which were found in Denel when we got there and our responsibility as a new Government as a new country was also not only to maintain those capabilities because it gave us a strategic position as South Africa in terms of continuing the ability to defend ourselves in a credible way and also to contribute to the foreign policy of our country, because it is an instrument of foreign policy as well how you use a Defence Force and it gave us as a country that credibility with regard to our foreign policies. So

it is a very critical thing. Now if we understand anything and this is the important point that I want to make is that and why Denel is so important. That if you have to have a functional Defence Force okay there are three critical elements that you need. It is what we call fire power meaning the ability to execute an operation. It is the mobility of the equipment that can get you to the battle field whether it is air, land or sea. So it is ships, tanks or aircraft and it is support and protection. Support, how do you maintain and support that equipment and how do you protect that equipment. So without those three elements you cannot have a National Defence Force that can operate optimally and so that is why Denel's role was so key, because we provided many of those

10 strategic capabilities.

So during my tenure at Denel, okay, we and that was the departure point for myself and the Executive, and what led to the kind of strategy that we developed for turning Denel around, is how did we ensure that those strategic capabilities were maintained, both in terms of Human Resources and in terms of technology and equipment, and if you look at the Denel integrated report which Advocate Gcabashe has referred to that report speaks directly to this responsibility of maintaining these capabilities but to maintain those capabilities you need to have an effective functioning organisation and that was my responsibility when I got there. It was how do you make sure that Denel is profitable so you can have an asset base that can support these kind

20 of technologies; how do you reduce the cost without having a significant detrimental effect on human capital of the organisation, how do you transform the organisation in a responsible way so you don't lose the expertise that was there historically and the institutional memory that was there. How do you manage your stakeholder relationship and customer relationships, whether it's the DOD, whether it's external, the governance, whether it's external defence force, that was a key element because we

had to gain the confidence and the credibility within Denel of being a partner that can be trusted and that was one of the key responsibilities that we had, and of course because of my role previously I was very well suited to ensuring that that relationship between Denel and its external stakeholders was increased significantly.

So the key objectives were set out very clearly, it was increasing the order book because if you did not have a revenue stream you cannot maintain the level of investment that is required to maintain that organisation, and of course and rightly so the defence budgets at that point were being cut, because of our social responsibility and developmental needs as a new democratic country our resources had to be

10 correctly diverted to programs to uplift our people in our country, so of course there were declining defence budgets and we had to make sure that within those declining budgets, because we were not getting the kind of revenue from the local customer where do we go and source other streams of revenue and I think one of the successful things that we did was to create a balance between the revenue streams from the local customer and the international market place and if you look at the report that is there you will see by the time, the time of our suspension, we had roughly balanced, in fact it was over, international revenue streams were overtaking the local revenue streams by over 50%, and that is how one of the interventions that was critical for us in order to maintain this organisation without relying on the State, so we will get to it later, I mean

20 Denel was one of the few SOC's that never relied on a government bail-out during the period that I was there, so as you said it was to increase investment in research and development, new technologies and responsible and effective transformation and create a dynamic organisation and motivate the people, because the people at that point were also very demotivated because of the previous experiences that they had and the state of Denel at the point at which they got there, and as I have indicated that

the main purpose set out in the annual report was supplying the SANDF and security environment more generally with strategic technologies, products and services, but also ensuring good governance and meeting the developmental needs of our country.

ADV LEAH GCABASHE SC: Now the guarantee that you got from government you found the guarantee there when you arrived?

MR RIAZ SALOOJEE: Yes.

ADV LEAH GCABASHE SC: You say you didn't ask for bail-outs from government but I know that there was a guarantee that was in place?

MR RIAZ SALOOJEE: Advocate Gcabashe, Chairperson when I arrived at Denel
10 there was already a government guarantee in place of R1.8billion and that underpinned our ability to contract and to raise money from financial institutions or wherever else, but we never ever went and asked for a bigger guarantee or for a cash injection into Denel.

ADV LEAH GCABASHE SC: Yes, that explains it, yes. Can I then take you to portions of the Annual Report that speak to the issues that you've just raised, and maybe it's convenient to start at page 70, which simply explains what the report is about, I am not going to dwell on that at all, it's just to give context to what we're looking at, my first flag I then have at page 76, if you could just give the Chairman a quick sense of how you tried to maintain that balance of being a global player, yet
20 looking after the national interest, that's how I understood what this is.

MR RIAZ SALOOJEE: So if you look at the – how do we contribute to the national interest and the national well-being of a country, and that also encapsulates the importance of an organisation like Denel. It obviously has a very strong industrial development strategy, because we want to contribute to the industrial base of this country, of our country, with regard to investments and R&D and in fact during my tenure

for the first time in many years we had started increasing investment in new R&D, because a lot of the technology was becoming obsolete as well, if you wanted to complete in the modern world ...(intervention)

ADV LEAH GCABASHE SC: Mr Saloojee go a little closer to the mic, your voice is fading.

MR RIAZ SALOOJEE: So if you wanted to complete internationally you had to understand the new technologies, because the modern battlefield continuously changes, warfare changes, the strategy of warfare changes. If you look at the kind of political, geo-political security issues that have influenced technology over the last
10 decade, two decades, it's a rapid change, you have to make sure that you are on top of research and development technology and that's what we are trying to do at Denel as well.

ADV LEAH GCABASHE SC: In fact I noticed that one of the board members in that period was a chap who was a specialist in the 4th Industrial Revolution Artificial Intelligence.

MR RIAZ SALOOJEE: Absolutely.

ADV LEAH GCABASHE SC: So somebody like that would have given you sufficient oversight and input to develop some of these ideas.

MR RIAZ SALOOJEE: We had very close relationships with academic institutions,
20 with the CSIR. In fact one of the, when I got there for a short while Professor Chelitz Magwala was also a member of the Board who has extensive experience in technology, so we were tasked with then how do we continue to sustain this industrial phase, that was one, the other issue was also how, you know how as I said with foreign policy what is our contribution to the humanitarian involvement of our country, so when there have been conflict in Africa for example and our armed forces, our defence force even today

which is deployed in certain parts of Africa, in peace support missions in peacekeeping missions and that, if they are not able to perform their operationally and their equipment fails and they are not able to protect themselves and the people that they have gone there to prevent conflict we supply a lot of the weapons and the vehicles and the support for the aircraft and Denel supports it, so we're contributing in a significant way to our ability to ensure peace in African and sustainability in Africa as well.

As I have indicated on that page you will see there's National, our contribution to national security and peacekeeping, our ability to be globally competitive and when I say that by the time I left Denel our revenue streams from the international market were overtaking our local market, it's because we were globally competitive. In fact at some point in the report I've also said in my statement it was the first time in the history of Denel that we entered the list of the top 100 global defence companies in the world, okay.

Now that has never been achieved, for a company like Denel, the size of Denel in South Africa to be competing at that level is a significant step, an accolade for us.

And then of course from a human resources perspective to make sure that we're an employer of choice, that we develop our young talent, skills development, human capital was a big thing in terms of succession planning, in terms of the bursary program that we had, in terms of our mentorship programs, internship programs, all of those were beginning to bear fruit during the period that we were there, and they were very dynamic programs actually because one of the problems we had was with succession planning, because if the old skills base was leaving the organisation whether through natural attrition or whether because of the fact they did not want to work in Denel because of the new South Africa we had to ensure that our young people

are going to be skilled to take over those responsibilities, and that was a huge issue that we had to deal with.

And then of course in terms of you know we were doing business in a lot of countries where offset programs were important so for the first time the business model also changed in terms of how do you strategically partner with other countries, not just selling them equipment and goods, but how we transfer skills, how do we establish manufacturing capabilities and how do we partner with local companies in order to empower those countries that were giving us business as well, so the business was also, the business model for doing business globally was also changing and evolving,
10 and then of course a key issue was for example how are we responsible with regard to our socio-ethics in terms of the environment. I mean Denel and the equipment that we produce it's useful and we need to use it responsibly and we need to see how we protect the environment and our people within that process, so that was a huge element from an ethical perspective of how do we conduct ourselves, in a responsible manner that does not impact negatively on society and on the environment.

So this was some of the kind of strategic context within which we were operating as Denel, and I think for the first time it is a defence company that actually created a very strong consciousness about our responsibility as a defence company.

Thank you.

20 **ADV LEAH GCABASHE SC:** Then I have a flag at page 78, which is a point that underscores the extent of the dependence you had on government funding, but I think you've dealt with this, I don't know if you want to speak to the graph, I know you've spoken to the point.

MR RIAZ SALOOJEE: Chairperson I think the important thing, I'm quite sure that the other witnesses who were here may have touched on some of these things but if you

look at that graph there it speaks for itself, okay, that from the point at which I got there, there was an upward trajectory, and in terms of its performance with annual turnover, its profitability and not only that the corporate five year plan projected that we were going to just go from strength to strength and what I need to point out right at the last column there is that we had a confirmed order book at the point at which I left. When I say confirmed there's a difference between a confirmed order book and an order pipeline. An order pipeline is business that you are chasing and could materialise over a certain period, that's how you develop a budget, but a confirmed order book is orders that you have signed which are contracted for over a period of say five to ten years, which

10 means that you had enough audit cover to maintain the organisation for that period, and that was significant, I mean it has never happened before.

ADV LEAH GCABASHE SC: If we then go to page 80, and this diagram here sets out the vision and strategic drivers of Denel, maybe you just want to summarise what's here.

MR RIAZ SALOOJEE: I think the vision is very clear, we have to be credible and we have to be a strategic partner to the National Defence Force, to provide them with the capabilities. I think the drivers as I've indicated it was immediately the interventions that were required is to grow the revenue and improve our customer relationships, it's to increase productivity, efficiency and profit. You know some of the contracts that

20 Denel was engaged with when I got there were loss-making contracts, because we were not delivering on time, and to specification to the customer, it was a huge thing in terms of our productivity and our ability to execute programs and contracts effectively, so we had to do that and that's why Denel was losing money. We were not executing contracts and programs to the level at which we were receiving revenue, we were losing revenue because of that.

And of course to enhance the capabilities because we had to keep up with new technology and I think a very critical important driver was to create a dynamic and vibrant organisation, and I think we achieved in doing that, I mean Denel was a highly motivated organisation at the point at which I left, and I think that – the organisation itself can bear testimony to that.

ADV LEAH GCABASHE SC: That is one thing that we have taken away from the people we have spoken to who you led at Denel, they attest to the fact that your staff were very motivated, you picked them up from a point where they were ready to outperform their own expectations and under your leadership in colloquial terms they
10 were very happy campers, but if we then go to the next section which I have flagged and that deals with the outputs, outputs are always important, because as I understand matters the outputs are set out in the shareholder compact, so you have an Annual Shareholder Compact that puts out certain KPI's and charters you to achieve certain things and is this what this particular graph speaks to.

MR RIAZ SALOOJEE: What page are you on?

ADV LEAH GCABASHE SC: On 82, page 82.

MR RIAZ SALOOJEE: So would you like me to talk to that?

ADV LEAH GCABASHE SC: Yes please, just to give a sense of the extent to which you were able to meet, match, outdo the outputs that you had been charged with,
20 dealing with?

MR RIAZ SALOOJEE: Are you referring to RS082?

ADV LEAH GCABASHE SC: RS082. First Denel capabilities something.

MR RIAZ SALOOJEE: Okay there are two elements, the one was the shareholders compact which is different from this, but in terms of Chair the capabilities now when we talk of strategic capabilities what are the environments within which you have to have

an integrated technology, capability product environment to address these fundamental areas if you see their artillery in any country is a strategic capability, so I'm not sure if you're familiar with the G5 and G6 artillery pieces but anyway they're huge, huge, mounted or fixed cannons okay, artillery pieces. Now during the days of apartheid they established these and that capability very, very few countries in the world have, and it's a strategic capability, okay, it gives you an advantage on the battlefield because of its capabilities and its operation and efficiencies, so one of the key outputs was to maintain that capability.

In terms of security and border control for any country it is a strategic
 10 capability not, I'm not talking about fences and cameras and whatever else, I'm talking about high end strategic technology like unmanned aerial vehicles. Denel was one of the few countries in the world that possessed a capability like that, and that was we had to make sure that we had that.

An interesting fact under border security and control we've got something called mine clearing, in many conflict zones where the previous war, when those countries became free and war ended huge parts of those countries, especially in the rural areas, were mined by explosives, and the ability to clear those explosives one was a technical challenge, and two it was a huge humanitarian requirement, because people were being killed walking and planting food in their fields and Denel was one of
 20 the few companies, not only in the country but in the world, that had top level technology to do this kind of stuff so it was contributing to security input. On the naval side, okay, if you look at all the kind of equipment, the strategic equipment that is there, we've got a missile capability that you fit onto naval vessels that again very few countries have, okay, that's just one example there.

We are particularly good in the aerospace environment okay. You may have

heard of the Rooivalk helicopter, during my period, now the Rooivalk helicopter is a combat helicopter, okay, so it is armed and it has use enforced application in a conflict, so it is not to transport troops or logistics, it's actually to go and fight a war. That combat helicopter was obviously developed during the days of apartheid but it was then one of the world's best performing combat helicopters okay, and today it's still in service in Africa with the National Defence Force okay, and performing a very admirable job, but it's come also to its – the end of its lifecycle, so it needed a huge investment to upgrade it because the technology was becoming obsolete and while I was at Denel one of the programs that I started working on together with the executive was a plan of

10 how to do that, okay, because if we do not do that and no investment that capability will be lost within the next five years.

So that's and of course in the maintenance and repair of aircraft we are world class as well. In terms of our ability to make parts that build aircraft we are also world class in terms of. In the land (indistinct) environment, and this is also very important, in terms of armour protection and mobility okay, we are a world class leader in combat vehicles, and that's for example where issues around the fabrication of hulls and combat vehicles comes, I mean not only Denel but many other companies in the country, in the defence environment, provide world class vehicles combat technologies, okay, which are sought after internationally, and then of course our human capital

20 historically and even now is sought after, there is right now from what I understand a huge brain drain going on in the defence industry and in Denel also, the people are going and being poached by other countries to come and work in their defence industries because of the expertise and the experience and the institutional memory that they are being head-hunted to come and – and if we don't stem that we will lose these capabilities, the institutional memory and of course the capability will erode.

So we were tasked with this enormous responsibility for ensuring that not only do we maintain these capabilities but that they will be enhanced and technology will be invested in for future generations, so it was a huge responsibility and I think we were on our way to doing it.

ADV LEAH GCABASHE SC: Can we then look at page 89, which essentially deals with the operational excellence of the team, of the organisation under your leadership. I had highlighted in my file that very first paragraph under operational excellence.

MR RIAZ SALOOJEE: So as I've indicated earlier on Chairperson one of the problems that Denel faced was that we were not executing our programs effectively
10 enough, on time, on budget, so we were overrunning our budgets, and we were not delivering to the customer on time. Now if you read that during 2014/2015 okay, during my period at Denel, Denel had successfully delivered against all our programs as evidenced by substantial growth in revenue and profitability and that was revenue and profitability that came from operational performance, it did not come from a government bail-out, it did not come from a tax break on a pension fund or whatever else, it came from how we were performing our work.

CHAIRPERSON: Now the statement that you made about a few seconds ago that you were not delivering on time and within budget, were you talking about the time before your time that that's what you found and then you changed or were you talking about
20 what was happening at a certain stage during your time as well?

MR RIAZ SALOOJEE: Chairperson it was a combination of both, when I got there, there was this problem, and we had to intervene to fix this problem, to make sure that we were going to put into place interventions that we perform on time and on budget.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: And that continued for a while in my tenure because it couldn't

change overnight.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: So that continued, so if you look at this it's the 2014/15 so I got there in 2012, so it took us the better part of a year and a half to get this right, okay.

CHAIRPERSON: Yes, yes, but this represents that at that time you changed the situation.

MR RIAZ SALOOJEE: During that period this is the result we achieved.

CHAIRPERSON: Ja, okay, thank you.

MR RIAZ SALOOJEE: Thank you.

10 **ADV LEAH GCABASHE SC**: I note then that you also try to deal with transformation and gender issues, I look at the column on the right, right at the top you speak about the appointment of two women into key leadership positions as a deputy CEO's, so you worked on the issue around transformation?

MR RIAZ SALOOJEE: Advocate Gcabashe the thing – Denel and I don't think we need to mince our words, was historically a male Afrikaner dominated institution, and in the years of democracy as well not a lot had changed fundamentally. And when I got there I appointed at a senior level not only having very robust transformation programs in the organisation but at leadership level as well. I made sure that I with the support of the Board appointed deputy CEO's who were candidates from the black community,
20 who were put into very senior positions which had not been done before.

Amongst those appointments that I was instrumental in was two women deputy CEO's that I appointed as well, and it was the first time in history with a proper succession plan for each one of those, because they were deputies in most instances, well in all instances, predominantly white males.

ADV LEAH GCABASHE SC: Did that not cause ructions within this rather

conservative environment that you worked in?

MR RIAZ SALOOJEE: Oh absolutely, I think one of the reactions was – a lot of people were saying what am I doing you now, am I jeopardising the organisation by putting people who are not experienced into these things. But of course I had a training program, I had a mentorship program and I had to create an enabling environment to allow these individuals to play a meaningful role within the organisation and that's what we did, and of course there was resistance to change from certain quarters. Some individuals did not appreciate the fact that they were now being deputised by black people, that's a fact, but I had always maintained from the day I got there that
10 transformation is an imperative, but we will do it responsibly and I've always maintained that we had done it responsibly because with exception of a few individuals I think the majority of people were very satisfied with the level of transformation, and the manner in which we implemented it.

ADV LEAH GCABASHE SC: How did you manage the tensions with those few individuals, I'm assuming they were in key positions, how then did you manage those tensions? What in your experiences of the past 15 years or whatever helped you to deal with those issues?

MR RIAZ SALOOJEE: Or course the one was to be very patient and to be very inclusive in terms of how we developed a collective leadership so people were not
20 threatened by these interventions, so they continued in their positions in a responsible way as I've indicated. There were certain individuals and of course given my background and the fact that I'm a Group CEO at some point you have to also be firm and there was a point at which I'd indicated to certain individuals that if you do not want to fit into this organisation, if you do not believe in the values of the organisation, if you are not committed to transformation, and I've said in Denel forums in front of the staff,

in front of the senior executive, that if you are not committed to this process of transformation that I have now outlined here you are welcome to leave the organisation and that I made it very clear.

ADV LEAH GCABASHE SC: In fact one of the people we have spoken to said that you ran the organisation and this just – it's not from a statement that's under oath, it's not from an affidavit, it's a comment made by this particular individual, you ran it in a very very disciplinarian, you gave instruction, you treated it as if you were in the army.

MR RIAZ SALOOJEE: Ja, well I cannot agree with that, but what I will agree with is that as a GCEO and as a former military person when a decision has to be made a
10 decision has to be made, I mean you cannot have a situation where there's complete chaos that reigns, and I think you would find that an exception Advocate Gcabashe, I think if you speak to most people in the organisation they will not have that feeling.

ADV LEAH GCABASHE SC: Yes, and this is why I said this particular individual has not given us a signed statement never mind one presented under oath. But let's soldier on. I won't delve too deeply into the financial director's report which you've annexed as well, because we dealt with that in quite a bit of detail with the former Chairperson, Martie Janse van Rensburg. It's really just to note possibly on page 93 the positive results that are set out here. Page 93.

MR RIAZ SALOOJEE: I mean Advocate, Chair, it speaks for itself I mean.

20 **ADV LEAH GCABASHE SC:** I then took an interest in page 96, risk management, it's always a key issue in any organisation. Just give a quick synopsis of what it is that you were dealing with here.

MR RIAZ SALOOJEE: I mean given the nature of the business of Denel, the fact that we were dealing with sensitive equipment, as far as the hardware is concerned there's huge amounts of processes and policies and procedures that you need to put in place

to ensure that you de-risk the organisation from an operational perspective. I mean I don't know you may be familiar for example I think it was last year or the year before, there was a huge explosion at one of the Denel explosive factories in the Western Cape.

Now if you don't – I'm not commenting on the reason for that I am just saying that that's the kind of risk you face within the organisation, at an operational technical level, and people get killed if you don't do things and have processes and policies and procedures, standard operating procedures in place.

Also from managing as I have indicated the revenue stream and the budgets
10 carefully contractually if you do not have mechanisms in place to ensure that you are continuously monitoring the performance of programmes and I am not talking only programmes where you executing work for a client but programmes on research and development where you have invested money that the cost over runs could be of such a nature that it has a severely detrimental effect. So Denel had a comprehensive and I am – it is not in here but I mean it is available risk register and monitoring system which was reported quarterly not only to the Audit and Risk Committee because the Audit and Risk Committee would then take it to the board to say that these are the risks in terms of these categories red, amber, yellow, orange, green and every single programme, every single investment, every single risk category with regard to the human resources
20 and the way we managed the business was an integrated and robust one. So I mean we managed risks in organisation I think it is probably the area that we had put a huge amount of emphasis with regard. It also then culminates in terms of how we manage the finances of the organisation. Because if you manage your risk in the organisation and finance is one of the – we – for example and I have said it must – during the years that I was there after every AGM we had clean audits from the Auditor General for every

single year that I was there. And that is also as a result of the risk management processes that we had in place.

ADV LEAH GCABASHE SC: Let us focus for a minute on the Audit and Risk Committee. And it might assist the commission to understand how you as the executive team interacted with the Audit and Risk Committee. I ask the question because at some point I might ask you to give your comment on the composition of the Audit and Risk Committee that took office in July 2015. But let us start with exactly what these functions of the Audit and Risk Committee would be and how you interface and interact with them and how they added value to what you as management did?

- 10 **MR RIAZ SALOOJEE:** The Audit and Risk Committee in any organisation whether it is in a state owned company or whether it is in the private sector is a very, very, probably the most critical instrument that you use to manage the organisation from a governance perspective. At the Audit and Risk Committee you have got to have a very clear skill set which will understand how the financials are being presented. What are the key financial risks in the business? What are issues around the balance sheet? What are the issues in terms of the liabilities of the organisation both in terms of its assets and in terms of its financial situation? It also then looks at in depth as to how we are performing on the programmes that are bringing revenue into the country. To see whether we are performing according to our contractual obligations where we are losing
- 20 money. It is also deals with things like fraud and corruption in the organisation. It also deals with how are we managing our human resources in order for them to contribute in a positive way in terms of – so the Audit and Risk said have you got the skill set? This is not a HR issue. Have you got the skill set and the capacity to do the work and if you do not have the capacity what are the issues? So it plays a very critical role and it is multi-dimensional. It requires individuals who have an understanding of finance,

auditing in some instance forensics so it is a multi-faceted responsibility and you have got to be equipped to do that. But it also plays a very critical role in the sense that it keeps the management and executive in check and in balance. Because if the management and executive were involved in any kind of maleficence or any kind of irresponsible activity whether it is from a financial perspective of just the way we perform our business that Audit and Risk Committee is tasked with that huge responsibility to ensure that we govern the company in the proper way. So I mean it is a big responsibility.

ADV LEAH GCABASHE SC: Would that...

- 10 **MR RIAZ SALOOJEE:** And sorry – sorry Advocate if I may just – if you do not mind. It has the oversight of the executive and management but in the absence of a good working relationship between the Audit and Risk Committee and the executive and management if there is a level of distrust, if there is a level of suspicion, if there is animosity, if there is always adversarial relations within that relationship you are not going to get the kind of results that you would expect in a collective because there is going to be pushback from both sides. And you can create a situation where you created an environment of fear and intimidation. And I must say that the previous board prior to the 2015 board both and I – the two key – three key individual – four key individuals were interfaced with the Audit and Risk Committee is the Group CEO, the
- 20 Group CFO, the Group Chief Operating Officer and the Group Company Secretary and those three key individuals if they do not have a relationship with the Audit and Risk Committee which is based on confidence and mutual trust there is no way that you can manage this in a proper way going forward. And I mean as – we will come back to it later to see what the effect of this was.

CHAIRPERSON: Would such a committee be almost like an executive committee of

the board when I say executive that might be confused with executive management but I do not mean people who are full time but I am just imagining an organisation which might have a certain committee at leadership level that a smaller committee that deals with critical issues and reports back to a bigger body. So I do not remember seeing that at Denel there was any committee that may be called that. You might be able in terms of the board or the board – it was just a board and certain committees including the Risk and Audit Committee. But I am just wondering in terms of [indistinct] within the board you know whether it can be seen as an equivalent of something that would be like an executive committee of a bigger organisation or not really?

- 10 **MR RIAZ SALOOJEE**: Chairperson I do not want to use this term but maybe it is a way of describing it.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: But it is probably the first – its first amongst equals.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: So in typically in a company.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: You would have board sub committees which are the Audit and Risk Committee.

CHAIRPERSON: Yes.

- 20 **MR RIAZ SALOOJEE**: The Social and Ethics Committee.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: And this is according to the [indistinct] report and governance requirements.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: Social and Ethics and Personnel and Remuneration.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: Those are the three key sub committees of – if anything.

CHAIRPERSON: No I think when you say it is first among equals I think it answers my questions ja.

MR RIAZ SALOOJEE: But Chair I have to make one point.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: And this is very critical to understand the events that then took place. It does not fulfil an executive role.

CHAIRPERSON: Yes, no, no I understand that.

10 **MR RIAZ SALOOJEE:** Because if it does and if it starts giving instructions into the organisation at an operational level it has a complete conflict.

CHAIRPERSON: Yes, no, no I understand that ja that is why when I mentioned executive committee I emphasised that I am not talking about executive as in executive management. Ja okay. But I think when you say first among equals I think that answers my question. Thank you.

ADV LEAH GCABASHE SC: Thank you Chair. Can I then ask you to assist me in understanding the mandate of the Audit and Risk Committee when it comes to assessing transactions that the executive has identified and I mean major transactions to what extent must they be involved in assessing where the risk element in those
20 transactions whether it is financial or otherwise? And I ask this again for [indistinct] what happened to the three of you, you and your colleagues in relation to the LSSA transaction?

MR RIAZ SALOOJEE: Advcate Gcabashe I think can I answer Chair in two ways?

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: When we talk about transactions there are two levels of

transactions okay and that is where the Audit and Risk Committee play an important role. The one is when you go and report on a quarterly basis to the Audit and Risk there is the Risk Register with contracts and projects. The execution of a contract or a project and how we are executing those contracts and projects and the performance of the organisation with regard to its execution.

CHAIRPERSON: I think your voice is going down so just raise it ja.

MR RIAZ SALOOJEE: Sorry Chairperson. The other level of transaction that we refer to is acquisitions okay. When it comes to acquisitions the Audit and Risk Committee on behalf of the board has to play a very critical role in overseeing how that transaction is
10 being managed and how is it being implemented with the regard to the governance issues around that transaction. But you could also have an instance where the board establish a committee which consists of the Audit and Risk Committee or members of the Audit and Risk Committee and other board members to oversee a particular transaction. But the role of the Audit and Risk Committee is critical because of the financial and auditing skills that they have to ensure that proper due diligence has been done to ensure that proper financial and legal diligence is done. So it plays a critical role in that and that is the kind of transactions that the board would really focus on.

CHAIRPERSON: So a Risk and Audit Committee should really consist of people who not only have the right skills and expertise that you have mentioned but from what you
20 have said it seems to me it must be people who really are committed, very committed and strong on issues of proper governance and so on?

MR RIAZ SALOOJEE: Yes Chairperson and preferably also having had some experience in having themselves have gone through some of these – these kind of transactions.

CHAIRPERSON: Yes, yes. Thank you.

ADV LEAH GCABASHE SC: In that context what would the relationship between the CEO and the Chairman be and I do not want to lock that into just the assessment of risk or the discussion of risk I am actually curious as to how you related to the Chairman of the board what – are there regular meetings that would take place? If you had difficulties would you raise those with the Chairman? I really am just curious about how you would be relating as the GCEO with the Chairman of the Denel board?

MR RIAZ SALOOJEE: Chairperson I think there has to be an incredibly dynamic relationship between the chairperson of the board and the GCEO because if there is no relationship between those two individuals you cannot effectively manage the
10 organisation and you cannot effectively get commitment from the executive to fulfil your strategic vision. Because the board lays down the strategic vision but if the executive or the GCEO in this instance is not confident of the board having the correct the vision then it is not going to work. There also has to be constant communication not the point that which it becomes excessive but there has to be constant communication in terms of updating the chairperson of the board with regard to certain critical matters that may arise in-between board meetings. And if it is necessary because remember the former board meetings are once a quarter but between that if it is necessary to convene a meeting with the chairperson and say a member of the Audit and Risk Committee or a member of the HR Committee or if there is a critical matter that has arisen we talked
20 about risk earlier. The board does not like surprises. They do not want to wait until the board meeting at the end of the quarter to be told that we are losing huge amounts of money on a contract wherever okay. Or that the budget that we had presented for this financial year is going to be severely impacted because we cannot meet our obligations so we are not going to make the targets that we have set ourselves. So you have got to interact constantly with the board chairperson and any other board member that you

think will assist in giving direction to resolving an issue. So and there has to be confidence because if there – it is a team, it is a collective effort and the collective responsibility does not only lie on the one side. Yes the board has a very clear oversight role to ensure that the executive fulfils its mandate and executes properly. But similarly the board has a responsibility to act responsibility towards the executive and the organisation. The board cannot just come and do whatever it wants. They have their own responsibilities. So in as much as the executive reports to the board the board must also recognise and it is critical that that is established as a principle is that they have a clear responsibility towards the organisation and its executives as well. So

10 the relationship has to be very, very as I call it dynamic it has to be and it must be based on integrity and it must be based on credibility as well.

ADV LEAH GCABASHE SC: Chairman I notice that it is quarter past eleven.

CHAIRPERSON: Yes. Let us take the short adjournment and we will resume at half past eleven. We adjourn.

INQUIRY ADJOURNS

INQUIRY RESUMES

CHAIRPERSON: Yes you may proceed Ms Gcabashe.

ADV LEAH GCABASHE SC: Thank you Chairman. Mr Saloojee I just want you to note what is written on page 101 of the paginated papers. We are still with the annual

20 report, reading the annual report which is in EXHIBIT W4A and it is really, I know that the Chairman was taken through this particular document. I really just am asking you to give a perspective of the achievements really of the Executive Team from an Executive perspective of the numbers that are set out here.

MR RIAZ SALOOJEE: Thank you Advocate Gcabashe. I think if you look at the shareholders compact Chair it is a very critical instrument with which you monitor the

performance of the organisation and of course it derives from the strategic intense statement of the Minister and if you look at that document we have certain key performance areas and indicators that we as an organisation and the Executive and myself particularly as the Group CEO we have to sign off on to say that this is what we commit to performing and if you look at the key performance areas there and the indicators without exception or there are one or two exceptions. The performance of Denel during that 2014/2015 budgeting period was to say exceptionally good and in fact I think in the 2015 AGM just before our suspension Minister Brown had indicated that in her portfolio Denel is probably the best performing SOE. So, and of course the targets
 10 that were achieved and what was contracted for in most instances were well above, I mean I think in one or two instances we were slightly short on that.

CHAIRPERSON: Well when the former Chairperson of the Board was testifying yesterday I commented that maybe if it was an examination for a Degree it would be more than summa cum laude. The pass would be more than summa cum laude.

MR RIAZ SALOOJEE: Yes.

CHAIRPERSON: So it, there can be no doubt that the performance was excellent.

MR RIAZ SALOOJEE: Thank you Chair.

ADV LEAH GCABASHE SC: If we then move across to page 102 Mr Saloojee, operations and it really was just to emphasise the point you have already made. 35
 20 billion order book and the possibility of converting the income stream by another 23 billion, because of the opportunities. If you just speak to that point briefly.

MR RIAZ SALOOJEE: So I think Chairperson when I spoke earlier about the confirmed order book in excesses of 35 billion in addition to that when I have also talked about the order pipeline we were chasing another almost R23 billion of opportunities and contracts in the short to medium term not in the wrong term. Even we

had converted half of the 23 billion in addition to the 35 billion I mean we would have been well on our way to sustainability at least for the next five to 10 years without having to necessitate any kind of Government intervention. So again that speaks for itself in terms of effort and the collective intervention and commitment we had to ensuring that we turnaround Denel through a strategy that was supported by the Board that was supported by the stakeholders. I mean if you talk to Armscor, if you talk to the DOD, if you talk to the Defence Force, you talk to clients internationally as well I think they all supported Denel because of the manner in which we had gone around changing the business to become a successful dynamic vibrant organisation and this

10 again speaks for itself. If you look at the issues that we were looking at what was this based on? It was based on the fact that we had to make sure that we had a better relationship with our clients and stakeholders. We had to recruit the right skills for the new work that was coming in. We had to make sure that we had a pipeline of suppliers and subcontractors that could perform as well, because it does not matter if Denel performs, but if the people who supply you with whatever you require to perform your work do not themselves perform it is a huge problem and that the plant and equipment and operational infrastructure needed to be upgraded and invested in so that it meets the demands of the new work that is coming in. So typically the volume of work that was going to come in was of such a magnitude that we had to look at the possibility of

20 buying new equipment as well and then of course to continuously look at the business so that there is no stagnation that takes part. So these were the five pillars under which this order book was underpinned and it shows that there was a very meticulous methodology on how we achieve this. It was not something that happened because of fortune or whatever else. There was a huge effort that was put into this and again it was multi [indistinct]. It was at the strategic level of our relationships. It was the

confidence of the customer. It was the confidence of the decision makers that they can now contract Denel confident that we will perform our work. So it was a combination of all of these things that brought us to this point.

ADV LEAH GCABASHE SC: Now in that context it is really patent that Denel had both their commercial and a strategic rational or mandate amongst some of the important imperatives set out in the shareholder compact. One such imperative of course also being global reach being global yet local, because of course those subcontracting companies you interacted with locally were as important as the global reach that you tried to extend Denel into. In that context how important was the Asian market to Denel and I ask you the question within the context again of that historical timeframe, 2014/2015. How important was the Indian market to Denel? What consideration had your Executive Team given to extending globally towards Asia? I know I am putting a lot of questions together, but they all form one core question really. What consideration, what strategic value would possibly or could possibly be found in extending to Asia, India in particular?

MR RIAZ SALOOJEE: Thank you Advocate Gcabashe. Chair you know in terms of the geopolitical demarcation of where our markets were and where we should focus on okay and we went through an extensive exercise when I got there when we developed the strategy of how we want to turnaround Denel. Of course we looked at the world and we looked at the markets and you do a thorough analysis of where the budgets are, which countries are spending. Again also governed by the laws of our country where you can work and where you cannot work, okay through the NCACC, the National Conventional Arms Control Committee. We are talking now globally. So we had identified obviously the Middle East because historically that was a region where a lot of work was done particularly in the UAE and Saudi and then of course South

America. We had a strong relationship with Brazil and we had in India we had a blacklisting that was in place well before my arrival at Denel and I mean we can get to it later if you want advocate.

ADV LEAH GCABASHE SC: That of course was lifted or they started lifting it in 2014.

MR RIAZ SALOOJEE: [Intervenes].

ADV LEAH GCABASHE SC: Certainly the criminal investigation part of it was lifted in.

MR RIAZ SALOOJEE: In about the first quarter of 2014.

ADV LEAH GCABASHE SC: Correct.

MR RIAZ SALOOJEE: The judicial process was concluded, but the administrative
10 process was not.

ADV LEAH GCABASHE SC: That too is correct.

MR RIAZ SALOOJEE: So for 10 years until 2014 we could not do business in India because it was, Denel was blacklisted there and eventually it was lifted because we had our own judicial processes and foreign affairs was involved together with the authorities in India and then eventually it was resolved that problem Chair. In Pakistan we tried to do work for many years. We had some work there, but we were waiting for some substantial work to come out and we were working, but we were not making any progress really. When I got to Denel there was one large contract that was from Malaysia for Denel Land Systems and essentially that was probably the only big
20 contract that we had in the East and we had not really concentrated in that part of the world to a large extent because of the problems in India. We had one big contract from Malaysia, but our focus was to turn it around and establish a solid footing with work from the countries that we knew that were giving us orders at that point. So there was not a clear strategy or a plan for Asia/Pacific or India for that matter because the ban was in place at that point.

ADV LEAH GCABASHE SC: Would that mean then you also would not have had a, or wealth of information an Audit and Risk Committee as happened with the 2015 Audit and Risk Committee? That a structure like that would be able to tap into as they assessed for the Board whether to expand into Asia, into India. So yes, so the question is would you have had the kind of material in Denel for them to tap into and assess and decide on whether they should be setting up a Denel Asia or not a Denel India or not? So it is the information I am trying to explore.

MR RIAZ SALOOJEE: Sorry, Advocate Gcabashe are you talking about the fact that the Audit and Risk Committee would have had enough information at that point?

10 **ADV LEAH GCABASHE SC:** Well we will get there, but what I really want to know is what did they find? What would they have found? What did you leave behind in respect of any exploratory work you might have done with trying to expand into the Asian market into the Indian market? Did they find anything at all that they could work with?

MR RIAZ SALOOJEE: There was no formal document. There was no any, Chair there was no substance or substantial information that could allow you to take an informed decision about how you want to enter that market, okay. We had not done a thorough analysis at that point of that market like we had done with other regions of the world. We knew that India was opening up and we knew that we wanted to access other
20 opportunities there, because when you go to defence exhibits and at international level you start to get the feel of where the budgets of different countries and that. We had some exploratory work in Thailand and Indonesia and whatever else, but again I said nothing. We were exploring work, but there was no document, strategy document or a document that had done an analysis of that market which would have allowed you to say that this is what we want to do in this market. There was nothing of that sort.

There was no formal document or anything of that sort.

ADV LEAH GCABASHE SC: And then in terms of your budgetary cycle you speak of the order book that you had. You speak of contracts that you had. The resources that were going to become available to Denel would they have supported expansion in 2014/2015 into the Asian market?

MR RIAZ SALOOJEE: Advocate Gcabashe, Chair this order pipeline that we are talking about was an order pipeline that was not fundamentally based on Asia. It was based on other markets and where we are getting. So all the resources and we will get to that, so we had not even created the capacity to explore that market. Well we were
10 exploring the market, but if we had substantial work that was coming in there we would have had to expand the operations of Denel as well.

ADV LEAH GCABASHE SC: So you are essentially saying that when the 2015 Board took office when the Audit and Risk Committee of that Board started assessing whether or not there should be some form of expansion into Asia there is nothing that they would have found that your Executive Team would have been able to assist them with in that regard, because you had not started working in those areas?

MR RIAZ SALOOJEE: That is correct Chair.

ADV LEAH GCABASHE SC: Can I just compare that scenario to the acquisition of the BAE Land Systems acquisition? That would have taken you about what, 17 months to
20 negotiate to work through to put together and then to place before the Board?

MR RIAZ SALOOJEE: Yes Chair that was the better part of a year and a half before we concluded that.

ADV LEAH GCABASHE SC: And when you look at the nature of the BAE transaction or that acquisition and what was underway with respect to setting up a Denel Asia a Denel India how would you compare the size of those transactions?

MR RIAZ SALOOJEE: I mean if you look at the BAE LSSA transaction Chair it is complicated because there is a whole lot of legal issues, financial issues, technical issues historical risk that is in the business that you have got to investigate. You have to look at the human capital. You have got to look at the asset base, the liabilities the cash in the business. I mean there is a whole spectrum of things that you have got to and that takes a huge amount of time and it takes professional expertise to help you to analyse and investigate that information so that you can make an informed decision as to whether this is a viable transaction or not and that takes a long time. If you are going to establish a joint venture somewhere you have to go through the same process. You
10 have got to go through due diligence. You have got to go through an analysis a legal process and then you have got to go through the governance process with regard to applying for the proper applications through DPE, through the National Treasury, through all the relevant gates that need to be crossed before you get to this. You cannot accomplish something like that within three to four months. It is impossible to do that, because of the administrative processes and bureaucracy that you need to go through. So to have concluded something within three months would have, it would not have been possible. I do not think so.

ADV LEAH GCABASHE SC: Yes, thank you. Mr Saloojee I have a couple more flags, but I think we need to move on in the interest of time. Unless there is anything else in
20 particular that you would want to point the Chairman to in this annual report I will move onto the next area.

MR RIAZ SALOOJEE: Chair this 2015 report there is nothing more because I think you have gone through all the salient points Advocate Gcabashe.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: What is important to note that to prepare a report like this is a

huge effort. It takes huge amounts of diligence and insight in understanding of what is required for what we call an integrated report because remember this now is reporting according to the standards of governance that has been set at the highest level and just as a side remark Chair it may interest you and I have mentioned it in my statement here. Stellenbosch University conducted a survey of State Owned Companies in terms of their governance processes and their reporting and Denel came out the top with regard to integrated reporting and governance processes and it was because of the quality of a report like this.

CHAIRPERSON: Yes.

10 **MR RIAZ SALOOJEE:** That we had won that accolade.

CHAIRPERSON: *Ja*, and those conclusions by Stellenbosch are they in some or other document here or not really?

MR RIAZ SALOOJEE: Chair they are not in here.

CHAIRPERSON: *Ja*.

MR RIAZ SALOOJEE: But it can be made available. I am sure.

CHAIRPERSON: They can be made available. I think if you can please make then available through the legal team. Thank you. Did you get that Ms Gcabashe?

ADV LEAH GCABASHE SC: I did not.

CHAIRPERSON: I think you may have.

20 **ADV LEAH GCABASHE SC:** But I notice my colleague nod.

CHAIRPERSON: Yes.

ADV LEAH GCABASHE SC: So I was going to catch you.

CHAIRPERSON: I could tell.

ADV LEAH GCABASHE SC: I do apologise Chair.

CHAIRPERSON: I could tell that you did not, *ja* no I think Mr Bham understood *ja*.

They will provide the document, *ja*.

ADV LEAH GCABASHE SC: I will speak with him during lunch break.

CHAIRPERSON: He will share with you, *ja*.

ADV LEAH GCABASHE SC: Thank you.

CHAIRPERSON: Okay.

ADV LEAH GCABASHE SC: And I will look at the transcript as well. Thank you
Chairman.

CHAIRPERSON: Okay.

MR RIAZ SALOOJEE: Sorry, Chair if I may. There could be another document that
10 could be of interest as well is that in 2014/2015 Deloitte also did an evaluation of the
performance of the Board.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: And I do not know if the previous Chairperson had mentioned it
in her testimony, but I think it would be good to see that, because that also gives a good
perspective.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: On the performance of.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: That Board.

20 **CHAIRPERSON:** Yes.

MR RIAZ SALOOJEE: The 2011 Board.

CHAIRPERSON: Yes. Well she may or may not have I am not sure but I am sure that
would be welcome if we do not already have it as well. So if you do have that
document dealing with the performance of the, the evaluation of the performance of the
Board that could be helpful as well. If we do not already have, I am just not sure.

Okay, thank you.

ADV LEAH GCABASHE SC: The Board Evaluation Report Chair, there is one that is in the pack.

CHAIRPERSON: Yes, okay.

ADV LEAH GCABASHE SC: There was also one in the pack.

CHAIRPERSON: Yes.

ADV LEAH GCABASHE SC: Mr Tlhakudi's pack.

CHAIRPERSON: Yes, okay, okay. He talked about a specific one and you just have to check whether, what we have is the same one or something different. Mr Bham, do you
10 know anything?

ADV AZHAR BHAM: There are two documents that Mr Saloojee refers to. The one is the Stellenbosch Review Document.

CHAIRPERSON: Ja.

ADV AZHAR BHAM: And the other one is a similar review by Deloitte.

CHAIRPERSON: Yes.

ADV AZHAR BHAM: Chairman what we will do after today's hearing.

CHAIRPERSON: Ja.

ADV AZHAR BHAM: Is chase up after getting those documents so we can have them sent to Advocate Gcabashe as soon as possible.

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

ADV LEAH GCABASHE SC: Thank you Chair. Mr Saloojee I think that we have sufficiently dealt with the annual report. You may now want to go to paragraph 28 of your statement.

MR RIAZ SALOOJEE: So Chairperson if just to round up the whole Denel period and the [intervenes].

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: At Denel. If you look at paragraph 28 we said that my responsibility was to develop a turnaround strategy for the organisation, to affect its implementation because I think that was a very critical element is that the strategy is in effective if you do not have the wherewithal and the collective and the leadership and the commitment to actual implement that strategy. I mean, as we know in many instances you can have the best policies but if you and that was a key thing. It is not only to say that this was a strategy but to lead the implementation as well. I am just highlighting this because that is what kept me busy at Denel. These are the
10 responsibilities.

CHAIRPERSON: Yes.

ADV LEAH GCABASHE SC: Okay.

MR RIAZ SALOOJEE: It was the increase, the profitability through new business and controlling the cost base. Denel was a huge organisation. We are spending huge amounts of money, but the revenue was not justifying those prospects. It was to invest in new technologies and to update existing technologies and products and a critical addition to that was to invest in developing and empowering the human capital of the company because the people were the critical element. If we did not nurture, create an enabling environment for the people all of these other issues will not have fallen in
20 place. It was also to ensure again and I use the term responsible transformation because we did not want to create a situation which has happened in Denel prior to my getting there, sometime back where there was a wholesale transformation process which alienated many of the skilled people from there who had left Denel at that point and it created a brain drain which Denel was still suffering at that point. So we say it has to be responsible transformation and show effective stakeholder management to

the point at which it was a first time under my tenure we about to sign a strategic partnering agreement between the Department of Defence, Armscor and Denel to locate the importance of Denel within that tripartite alliance, because before that it was an *ad hoc* relationship. Denel was being treated as any other defence company and we said no you cannot do that. Denel has a special status in this environment. We are the custodians of strategic capabilities and you have got to formalise and institutionalise it so that there has to be structural interventions that will give effect to this, because if you treat Denel the same way you treat everybody else what is the strategic value of Denel and we about to sign that document. It was also based on the Defence Review and in
 10 terms of the strategic capabilities that were identified there. That never materialised after my departure.

ADV LEAH GCABASHE SC: I believe you have dealt with a lot of the other matters.

MR RIAZ SALOOJEE: Yes.

ADV LEAH GCABASHE SC: That arise. If you could go to paragraph 34. As long as you are comfortable that the issues that are between paragraph 29 and 33, you have in fact dealt with. I believe you have. Can we look at paragraph 34 of your statement that is on page 8 and you were starting to talk about the significant stakeholders?

MR RIAZ SALOOJEE: So Chairperson I think one of the key issues about a successful endeavour to create confidence within the client base is to make sure that
 20 there is confidence and credibility within the stakeholder environment and to a large extent because of the performances historically of Denel a lot of entities or stakeholders had lost confidence in the ability of Denel to perform properly. One of my key responsibilities was to re-establish those relationships. Given my history and the nature of my background and the experience that I have and my role in AMD previously I fulfil that role to a large extent as a responsibility in the Group CEO's office. Together

with for example Fikile Mhlontla who was excellent in terms of his relationship with the financial institutions. I have a very good understanding of financial data information and processes and whatever else, but I am not a Chartered Accountant. I am not the CFO. I relied on my CFO to give me that level of information and that the integrity of that information so that we could make informed decisions together about how we should manage the finances of the organisation. Out of that processing I think it is important Advocate Gcabashe that I mention this is that prior to me getting there, there was real difficulty in raising funds to underpin the contracts and the business of Denel. So we used to rely on financial institutions to fund some of the projects and fund

10 Denel's operations and every year and that was also previously the case the CFO would organise a roadshow with all the key financial institutions where we had to go, where I personally with him had to go and present the Denel strategy and vision going forward and I must say that for the first time after many, many years in the 2014/2015 roadshows that we had that the financial institutions were extremely happy with the performance of Denel and were willing and in the position to collaborate and support us going forwards which was not the case prior to that. So as I have indicated the Department of Defence, we had an extremely good relationship with our shareholder. I think when Mr Tlhakudi gave his evidence here I think.

CHAIRPERSON: Yesterday.

20 **MR RIAZ SALOOJEE:** It may have come across that there was a good rapport between the Executive and the officials in the department in terms of how we managed the relationship. In all the different instances where we interacted whether it was in foreign trade shows where we had to negotiate with the DTI about our presence in a defence exhibition internationally whether it was National Treasury and even Parliament. I was going to Parliament once a year to report on the status of Denel. We

had just the utmost amount of support from those institutions about the work that we were doing in Denel and I think it is important because it was not one instance that said that Denel was doing well and another instance it said this is not necessarily accurate. It was the collective institutions that we were inactive which were saying that Denel after a long while was on a road to recovery and was doing a good job.

ADV LEAH GCABASHE SC: In fact you got quite a few awards as a result of the track record that you had?

MR RIAZ SALOOJEE: Yes. So there of course we refer to the Stellenbosch Report as well which we will make available which was a huge accolade for us and I think what is
10 critical also Chair and Advocate Gcabashe in 36, in the time that I was at Denel every year we received clean and unqualified audits from the Auditor-General and that was also a huge step forward in terms of the performance of Denel.

CHAIRPERSON: Do you know what the position may have been during the time or before your time in terms of auditors' reports in terms of Denel? Do you know what the situation was even if not for each and every year, but what the position was in terms of getting a qualified or unqualified audit reports?

MR RIAZ SALOOJEE: Chair I will be misrepresenting it if I knew exactly what it was. What I do know was that there were huge issues that we had when I got there.

CHAIRPERSON: Yes.

20 **MR RIAZ SALOOJEE:** Which we were told that we need to identify.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: What they had identified.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: To put corrective measures in place.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: That is what we did.

CHAIRPERSON: Which you did?

MR RIAZ SALOOJEE: Yes.

CHAIRPERSON: Ja, okay.

ADV LEAH GCABASHE SC: From paragraph 37 you address matters that are of particular interest to the Commission. You title this section “Denel and State Capture”. Please slowly take the Chairman through what happened as you joined Denel through to the time that you left.

MR RIAZ SALOOJEE: Thank you Advocate Gcabashe. Chair the reason why we are
10 here, why I am here as the former CEO and I think the existence of the Commission as well is to look at this notion of state capture and I think what is important is what I am going to say here gives some insight into what occurred at Denel as well. Also I think it will also give a good indication of the kind of experience that we went through which led eventually to our leaving Denel as well.

CHAIRPERSON: Just continue to try and raise your voice so that everybody can hear you.

MR RIAZ SALOOJEE: Apologies Chair, thank you. So by 2012 when I got to Denel already by then obviously I was aware of the Gupta Family and Salim Essa in terms of the press reports and all the publicity that was going on around there, okay, so I wasn't
20 unaware of the Gupta Family and the role of Salim Essa in terms of some of the issues that were in the public domain.

ADV LEAH GCABASHE SC: I will just interrupt you now and again. I would like to know whether during your term of office at SAAB you had met Salim Essa?

MR RIAZ SALOOJEE: I have met him in public places and that before that, so I mean I was familiar with him.

ADV LEAH GCABASHE SC: You knew who he was?

MR RIAZ SALOOJEE: I knew who he was yes.

ADV LEAH GCABASHE SC: At no stage did he make any overtures regarding the businesses that you were running?

MR RIAZ SALOOJEE: No it was purely in terms of an acquaintance – well we met and we talked, he knew who I was, I knew who he was.

ADV LEAH GCABASHE SC: Yes, continue.

MR RIAZ SALOOJEE: So shortly after my appointment in the first quarter of 2012, I can't exactly – I was contacted by Essa and he indicated that he would like me to meet
10 some people and it would be in Denel's interest and my interest to meet these people.

ADV LEAH GCABASHE SC: Did he explain why it would be in your interest, I'm assuming your personal interest is what he was talking about?

MR RIAZ SALOOJEE: Well my interpretation Chair was that my interest so that I could further the interest of Denel, so whether he meant it in my personal interest I took it that it was in my interest in the interest of Denel.

CHAIRPERSON: Ja your interest in your capacity as GCEO of Denel.

MR RIAZ SALOOJEE: That's the way in interpreted it.

CHAIRPERSON: Ja okay.

MR RIAZ SALOOJEE: And he also indicated that it would be important to attend such
20 a meeting because of the fact that it had the support at the highest level.

CHAIRPERSON: So that's how we (indistinct) he had support at the highest level?

MR RIAZ SALOOJEE: Ja and it would be in the interest of Denel and myself that I attend a meeting of this nature.

CHAIRPERSON: Yes okay.

MR RIAZ SALOOJEE: So – but also at the same time, at that point, notwithstanding

the fact that there were all this publicity and that, it wasn't unusual for me to interact with people who wanted to do business with Denel, I mean it was a normal practice that people called or made appointments to come and see me and we had many meetings of this kind with other institutions or entities which really led to nothing in most instances. In some instances here if it was a credible thing it led to some business with Denel.

ADV LEAH GCABASHE SC: Can I just interrupt again, just to get absolute clarity on the point, so when he spoke about the highest level or the very top what was your interpretation of, how high was the very top?

10 **MR RIAZ SALOOJEE:** Advocate Gcabashe, Chair, I mean I think with all the publicity surrounding the relationship between the Gupta's and Essa's involvement and whatever else, if he says then, at the very top, I meant the very top, you know, in terms of the political level right of the head of the executive.

ADV LEAH GCABASHE SC: So that would have been the President of the Republic of South Africa?

MR RIAZ SALOOJEE: That was my interpretation of it.

ADV LEAH GCABASHE SC: Thank you.

MR RIAZ SALOOJEE: Chair, I've also go to say, you know, in terms of the defence industry there's many, many people who want to come and interact with the defence
20 industry because of the fact that they think it is hugely lucrative, firstly and secondly that the turnaround in terms of making money is very short and that when they talk of big defence companies and individuals who have become rich through the defence industry, that it is a very attractive industry and yes, in the long term it can be but in order to get a foothold and in order to then do business, sometimes a business contract can take three to five years to mature and another five years to execute, it's a long-term

commitment and processes. So people have a misunderstanding and a misconception of how well you can do in this industry in a short space of time and I need to make that in the context of what I'm going to say now. So I agreed to go to the meeting with him, he picked me up at the coffee shop in Oaklands in Johannesburg and he...(intervention).

CHAIRPERSON: And did he tell you in advance where the meeting would be?

MR RIAZ SALOOJEE: Yes he said to me – no not the meeting, he said I'll pick you up here and then we'll go to the meeting.

CHAIRPERSON: Oh okay so when he picked you up, you didn't know at the – where
10 the venue would be.

ADV LEAH GCABASHE SC: I didn't know.

CHAIRPERSON: Okay

MR RIAZ SALOOJEE: And then he picked me up and we drove – and then he drove me to the Gupta residence in Saxonwold. I was not aware that, that was the residence at that point in time but he informed me that it was and he said don't worry, again he said, this is the support of the very top.

ADV LEAH GCABASHE SC: And this is after you had gotten into his car and you're driving towards Saxonwold?

MR RIAZ SALOOJEE: Yes, so then we get to the place and we go inside and I'm
20 taken into a room and I'm introduced to Tony Gupta – Tony Rajesh Gupta that's...(intervention).

ADV LEAH GCABASHE SC: Yes.

MR RIAZ SALOOJEE: It's the first time I met with Tony Gupta...(intervention).

ADV LEAH GCABASHE SC: Had you met with any of the Gupta family prior to this?

MR RIAZ SALOOJEE: Not.

ADV LEAH GCABASHE SC: Yes.

MR RIAZ SALOOJEE: So we engage in pleasantries and he's – obviously he says, how are you and whatever else and then shortly after that he escorts – Tony escorts me into another room, okay so we leave that room we go into another room. In that room he introduces me to his – and now he says this is my brother and he doesn't say who the brother is, he just said this is my brother and the brother greets me, he says hello Riaz how are you and I said I'm fine and then he turns around, and in the room was also Minister Malusi Gigaba and then he says to Minister Gigaba, Minister Gigaba this is the new CEO of Denel this is the new guy, Riaz and all Minister Gigaba said was,
10 hello how are you Riaz, that was it and there was not a further exchange – I mean there was no discussion about Denel or anything of that sort it was just an introduction and if I recall, Minister Gigaba said these are my friends, he hopes that at some point if there is anything you can do with them it would be good and that was it.

CHAIRPERSON: Please just repeat that, he said what?

MR RIAZ SALOOJEE: He said if at some point there is anything that you can assist them with that's fine that would be good.

CHAIRPERSON: That is the one that I'm missing, the earlier one. Did he say, these are my friend or something like that?

MR RIAZ SALOOJEE: These are friends and if at some point there is something you
20 can do together with them in Denel it would be good, something to that effect.

CHAIRPERSON: Okay.

MR RIAZ SALOOJEE: The meeting was very short and this person who I later found out was Atul, was just talking asked me how's Denel, how's it going and whatever else, and I said it's fine, I'm settling in and whatever else and we shook hands and we left and Essa took me back in his car to the coffee shop where he picked me up and on the

way he said don't worry about this – these are good people it's okay.

CHAIRPERSON: That's...(intervention).

MR RIAZ SALOOJEE: Essa.

CHAIRPERSON: Mr Essa.

ADV LEAH GCABASHE SC: Can I ask you this, when Atul spoke and said to the Minister, Minister you know this guy, he is your new Denel GCEO, did you get the impression that he was communicating the idea that, he, Atul had, had a hand in ensuring that you were selected for appointment, do you think he was trying to attribute the fact that you were not the GCEO...(intervention)

10 **CHAIRPERSON:** Ms Gcabashe, don't you want to ask the question in another way there seems to be...(intervention).

ADV LEAH GCABASHE SC: Am I leading him?

CHAIRPERSON: Very leading – well look have you found a way?

ADV LEAH GCABASHE SC: I believe I have but Chairman your prerogative always...(intervention).

CHAIRPERSON: No, no it's fine if you have found.

ADV LEAH GCABASHE SC: What do you believe Mr Atul Gupta was communicating to the Minister at this point in time?

MR RIAZ SALOOJEE: What he was communicating to the Minister?

20 **ADV LEAH GCABASHE SC:** To the Minister yes, other than just – were there any undercurrents to what you were saying, was it more than just meet this chap?

MR RIAZ SALOOJEE: No Chair, I think it was meeting this person, and the fact that I was there without having known that I was going to that place, I think, he was trying to show to me, that's what I read, that he had a relationship with my political principal, I mean that's what I read into it, I didn't read it that he was saying to the Minister that he

had instructed me to come there or because of any other reason.

ADV LEAH GCABASHE SC: I'm really interested in the dynamic between Mr Atul Gupta and the Minister and trying to decide who was the subordinate in that relationship, who was doing who a favour in this relationship. You may not have gotten a sense of that at all.

MR RIAZ SALOOJEE: Chair I did not.

CHAIRPERSON: Before you were picked up by Mr Essa to the meeting, is my understanding correct that he had asked you to come to a meeting, one he had not told you where the meeting would be and two he had not told you what the meeting was
10 going to be about or do I misunderstand something?

MR RIAZ SALOOJEE: No Chair sorry, he had said he wants me to go to a meeting because there were people who, it would be in the interest of Denel to meet because they could further the business of Denel, I mean that was primarily the reason.

CHAIRPERSON: So he had said he wanted you to meet certain people because meeting those people would be in the interest of Denel, if you met those people?

MR RIAZ SALOOJEE: Yes.

CHAIRPERSON: Is that right?

MR RIAZ SALOOJEE: Yes.

CHAIRPERSON: You must just say if I'm not getting it right, I just want to understand it
20 correctly. So you went there because you were going to meet these people that he was saying, if you as GCEO of Denel met them that would be in the interest of Denel?

MR RIAZ SALOOJEE: Exactly.

CHAIRPERSON: Yes he didn't tell you in advance who those people were?

MR RIAZ SALOOJEE: No he did not.

CHAIRPERSON: And you didn't ask?

MR RIAZ SALOOJEE: No I did not.

CHAIRPERSON: Okay, he picks you up at a coffee shop in Oaklands and then you proceed and at what stage – or did he tell you on the way, before you reached the destination what those people were that you were going to meet...(intervention).

MR RIAZ SALOOJEE: Yes as I've indicated when he picked me up when we were in the car he indicated where he was taking me to and who the people are.

CHAIRPERSON: Yes, so he told you where he was – where you were going?

MR RIAZ SALOOJEE: Yes.

CHAIRPERSON: But he didn't tell you or in specific terms about, for example, the
10 Minister he just told you, you were going to the Gupta residence?

MR RIAZ SALOOJEE: Yes I was not – there was no indication of who I was going to meet there.

CHAIRPERSON: But you – from the fact that the destination was the Gupta residence you could tell, okay, we are going to meet the Gupta family?

MR RIAZ SALOOJEE: That's correct.

CHAIRPERSON: Yes okay, and then the – then you came into the Gupta residence, firstly you were put in one room and then later on you were taken to another room where Minister Gigaba was at the time, he was Minister of Public Enterprises at the time.

20 **MR RIAZ SALOOJEE:** Yes.

CHAIRPERSON: And in that room where Mr Gigaba was, ultimately it was yourself, Mr Gigaba and is it Atul, only the three of you?

MR RIAZ SALOOJEE: Yes.

CHAIRPERSON: Okay and all that happened, really was that he seemed to introduce you to Mr Gigaba is that right?

MR RIAZ SALOOJEE: That's correct yes.

CHAIRPERSON: Yes and what else?

MR RIAZ SALOOJEE: No as I've indicated Chair, I mean, there was small talk about him asking me how things are going at Denel, how am I settling in at Denel and that he hopes that they will see me soon again.

CHAIRPERSON: Yes and what did you conclude was the purpose of this meeting, if you did think about it, even afterwards and conclude, what did you conclude was the purpose of this meeting?

MR RIAZ SALOOJEE: Chair my only view on this thing was that it was a display of
10 the influence that they had and the extent of that influence, I mean here I was asked to go to a meeting ostensibly to discuss with people who were going to further the interest of Denel and when I get to the meeting I'm confronted with this and the only conclusion that I could come to at that point was – in a sense it was a show of (indistinct).

CHAIRPERSON: How long do you think the meeting lasted?

MR RIAZ SALOOJEE: Probably, in total having got there and in the meeting itself, probably about seven minutes if that – seven, ten minutes, not even.

CHAIRPERSON: Okay thank you.

ADV LEAH GCABASHE SC: Thank you Chairman, then you drove back to Oaklands
20 with Essa and you left to go to Denel?

MR RIAZ SALOOJEE: Yes that's correct.

ADV LEAH GCABASHE SC: At paragraph 48...(intervention).

CHAIRPERSON: I'm sorry before you do that, from what you have said, I think, there are two things that Mr Gigaba said at that meeting that you have testified to, one, he greeted you he said hello Riaz, or something like that, after Mr Atul Gupta had

introduced you to him, is that right, that was the first thing he said?

MR RIAZ SALOOJEE: Yes.

CHAIRPERSON: But he said something like – also like these are friends and something like you – if you can work together or, I can't remember how you put it but...(intervention).

MR RIAZ SALOOJEE: If we could work together in the future it would be good.

CHAIRPERSON: Yes, and that's about all he said in that meeting?

MR RIAZ SALOOJEE: That's it.

CHAIRPERSON: Yes what was your understanding of that message from him if you
10 had any particular understanding for it?

MR RIAZ SALOOJEE: I mean Chair there was no implicit view or connotation that you've got to do anything.

CHAIRPERSON: Yes it was just – if there's working together that's – you can work together but basically everything was left to both parties if they will find a way of working together.

MR RIAZ SALOOJEE: That's correct.

CHAIRPERSON: There was no instruction or anything like that?

MR RIAZ SALOOJEE: That's correct Chair.

CHAIRPERSON: Yes okay, thank you.

20 **ADV LEAH GCABASHE SC:** If you could then speak to what you've written in paragraph 48.

MR RIAZ SALOOJEE: But having interacted at that level, Chair, it became obvious, I mean, you don't come into an environment where you're called to a meeting, I didn't know who I was going to see, in the meeting I'm introduced to my political Principal, there was only one clear message there, is that we have influence, I mean, there was

no other way of me interpreting – as I've indicated, from my perspective it was a show of force on their part to say, that this is the level at which we interact.

CHAIRPERSON: Let me go back to the statement by Mr Gigaba, I think if I understood you correctly, one of the statements he made was, these are friends. Was your understanding of that statement that he was meaning that these are his friends or what was your understanding of the statement or he meant to say, you must regard them as friends or what or any other meaning that I might not have thought of now?

MR RIAZ SALOOJEE: Chair the only way I could interpret that was that he was acquainted with them, the extent of which the acquaintance was, I cannot comment on
10 that.

CHAIRPERSON: Yes, that's fine, sometimes people can make statements and you don't make much out of it and sometimes you do that's why I just wanted to find out whether you had a particular understanding that you attached to it but what you are saying is, your understanding he was – that he was saying that these were acquaintances and you can't take it further than that.

MR RIAZ SALOOJEE: That's correct.

CHAIRPERSON: Thank you, Ms Gcabashe.

ADV LEAH GCABASHE SC: Yes so we are back to paragraph 48 Mr Saloojee just to speak to what you have written in this paragraph.

20 **MR RIAZ SALOOJEE:** So as I've indicated there, I mean, that it was very clear that they wanted to show me Chair, that they had the support at the high political level and there was reference kept on being made by Essa even in the car that it has the support of the highest level which I had interpreted to mean that the highest level executive, in this instance, the President, the former President.

ADV LEAH GCABASHE SC: And of course you knew that Mr Gigaba was a Minister

in Mr Zuma's cabinet and you were very much aware that talk in the public media was that the President was very close to the Gupta family?

MR RIAZ SALOOJEE: That's correct yes.

ADV LEAH GCABASHE SC: You've said that but you also go on to explain in that paragraph 48 that you had not personally met President Zuma, you did not know him, is the word you used.

MR RIAZ SALOOJEE: Advocate Gcabashe and Chair, I mean, we were in the ANC together, obviously the former President was long before me in the ANC, I mean because I'm obviously much younger but in terms of what he was responsible for and
10 where I was located within the ANC and MK structures were in very different regions and in different structures. So in my time in exile I've never had an opportunity to meet him as well neither have I ever met him since we came back in 1994. So I've never met the President before.

ADV LEAH GCABASHE SC: Let's move on to paragraph 49, Essa contacts you again and I'm interested in the use of the word "summoned" you say he summoned me to a meeting at the Gupta residence and later on you speak of being compelled, feeling that you had to attend that meeting, is this a deliberate use of the word "summoned", is my first question but joined to that question, why did you feel compelled to attend the meeting?

20 **MR RIAZ SALOOJEE**: Chair I think given the context that was led earlier, and this was a few weeks later okay and I must say I was extremely reticent about engaging with Essa but eventually I agreed because he had said, we want you to come to a meeting and within the context of which I've just described with regard to what happened earlier on I felt that there was some pressure being put on to me to engage again and as I've indicated there, I was very reluctant to attend but there were issues

also, which I had to take into account myself. The fact is that, I've been in many situations where it has been difficult and I genuinely believe that I'm going to listen to what they've got to say but I'll be able to manage this thing and I was clear – there was also an element to know what do these people want.

ADV LEAH GCABASHE SC: Two questions arise from that, the first is, is the fact that you had met Mr Gigaba at your last visit to Saxonwold – the Gupta Saxonwold residence, did that factor influence your decision this time, you say a few weeks later, to go again?

MR RIAZ SALOOJEE: Chair it obviously played a part in it, I mean, it – I would be
10 naïve to say that it did not play a part in it ...(intervention).

CHAIRPERSON: And before Ms Gcabashe continues I'm just going back on your statement to paragraph 38 and 39, you don't necessarily have to go back but you may if you want to. I see that in 39 you say that Mr Essa said the request – request for you to meet people that could assist Denel and that's page 9 of your statement, the request for you to meet the people that he said it would be in Denel's interest to meet. I see in your statement that you say that he said to you that this request came from "the very top". So you may or may not have articulated that in your oral evidence but I did hear it, I just want you to confirm that, that is so?

MR RIAZ SALOOJEE: My reading was that he said it had come from the top.

20 **CHAIRPERSON:** Yes the request came from the top.

MR RIAZ SALOOJEE: And I don't know whether he was putting a spin on it or not but that's the words he used.

CHAIRPERSON: Yes I just – in terms of what he said to you whether it was true or not, we don't know but in terms of what he said to you, okay thank you, we can then go back to the second visit.

ADV LEAH GCABASHE SC: The next question relating to the second visit is, did you consider asking Mr Essa to come to your office instead of you going to meet him and going to the Gupta residence, did you give that proposition any consideration?

MR RIAZ SALOOJEE: I did, Chair, I must say that given what had happened in the prior to this request, I was not comfortable asking Essa to come to the Denel offices, not with what had gone on before...(intervention).

CHAIRPERSON: When you say gone on before, you mean the first meeting?

MR RIAZ SALOOJEE: Yes.

CHAIRPERSON: Yes, why?

10 **MR RIAZ SALOOJEE:** Because he was an individual who had set up a meeting for me, which I was not aware that I was going to meet my political principal and then he requests another meeting to come there, I thought it was within the context of continuing the discussion that they wanted to have with me, following the last interaction and I was just not comfortable with inviting him to the Denel offices.

CHAIRPERSON: Yes I just want to understand this also, your discomfort in inviting him to your office. One approach might be, well we held the first meeting at the Gupta residence, let's hold the second meeting at my office that would – that could be a legitimate approach but from what you're saying you say you were uncomfortable about inviting him to your office. I just want to understand the source of your discomfort.

20 **MR RIAZ SALOOJEE:** Well the source of my discomfort was precisely what I said earlier is that when I got to the first meeting and I found my political Principal there, I needed to have a better understanding of what they wanted to do and when he phoned he said that we – in a sense not summoning but the tone that he used to say, you've got to come to this meeting.

CHAIRPERSON: I understand him either asking you – him wanting you to – wanting

the meeting to be at the Gupta residence or somewhere other than your office, I can understand that but from his point of view I'm not understanding why you would be uncomfortable to say, let's hold the meeting in my office, that's what I want to understand. Was it because, since in the first meeting your found your political Principal there, maybe this time too he will be there and you thought that if he's going to be there you'd rather go to where he is or did you think that – or is the position that you didn't want people in – at Denel to see Essa or the Gupta people coming into Denel, that's what I want to understand, where your discomfort came from.

MR RIAZ SALOOJEE: Chair so it was, I think when he had said that I must come
 10 there, he said, we want you to come there, so I don't know who was going to be at the meeting and the second thing yes, I would not have been comfortable with the Guptas walking around the corridors of Denel and also within the context of the previous meeting.

CHAIRPERSON: Yes, okay thank you.

ADV LEAH GCABASHE SC: Now these meetings – these first two meetings happened, what, within the first six months of your appointment, just – can you recall?

MR RIAZ SALOOJEE: Yes more or less within that timeframe.

ADV LEAH GCABASHE SC: Okay within the first six months of your appointment. You then proceed to say that you actually went to the meeting at 50 and then take it
 20 from there, let me not give evidence on your behalf, I meant 50 of your statement.

MR RIAZ SALOOJEE: Thanks Advocate Gcabashe, Chair so when I get to the meeting this time, obviously I knew where the place was so I drove myself, when I get into the room there, Tony Gupta and Essa are present there but there was also another individual who was there and I was introduced to the individual there as Duduzane Zuma and later there was another individual who walked into the room but was there for

a short while, who Tony Gupta said to me, this is Ace Magashule's son, the Premier of the Free State but he had left shortly after, he didn't stay and in this meeting Essa was – he took the lead and what I found absolutely amazing because he said to me that I should understand that they had supported my appointment.

CHAIRPERSON: They had supported your appointment?

MR RIAZ SALOOJEE: Ja. They had supported it okay. Now I found this very surprising because I am sitting a room here and the opening statement is that [indistinct] notwithstanding the fact that I had gone through a rigorous process with the previous board okay the job was advertised, I applied for the job. I had gone through
10 the process. The previous board, the 2101 board had made a recommendation to the Minister. The Minister took it to cabinet and it was then ratified by cabinet okay. So I mean I must say I was extremely surprised when he made this thing.

ADV LEAH GCABASHE SC: Can I just take you back for a sec to paragraph 50 and in relation to Ace Magashula's son what is it that they said to you about him?

MR RIAZ SALOOJEE: If I recall they said oh he works with us that is all they said. Something to that effect.

ADV LEAH GCABASHE SC: But as you say he did not stay very long? But Duduzane Zuma remained in that meeting?

MR RIAZ SALOOJEE: Yes. If I – ja – Chair I must say for the better part of the
20 meeting he was there. He may have left at some point but he was there.

CHAIRPERSON: Yes, ja.

ADV LEAH GCABASHE SC: Did he say anything at all other than greet you I presume? This is Duduzane Zuma?

MR RIAZ SALOOJEE: No I mean he kept quiet for most of the meeting I think. The lead in the meeting was Essa and then of course at some point the – but it was Essa

specifically who took the lead.

CHAIRPERSON: Yes.

ADV LEAH GCABASHE SC: And when you are in this meeting are you sitting in a room that is a lounge, or are you sitting in a room that looks like a boardroom, are you sitting, are people takes notes or is it just a conversation? Could you just describe that environment?

MR RIAZ SALOOJEE: No Chair it is a lounge.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: I mean the people are sitting there it is very informal there is
10 nothing formal about it [indistinct].

ADV LEAH GCABASHE SC: Yes.

CHAIRPERSON: Well earlier on you were – you were commenting on the fact that
Essa, Mr Essa said that they had supported your appointment and you were saying you
know you thought about the fact that you went through a rigorous a very you know
transparent process. You told me earlier on that interview that you were subjected to
for the job of GCEO of Denel lasted about two hours. And we know now you know but
you would have known at the time – even at the time of the interview what you were
capable of. We know now with the evidence that was given by the former chairperson
yesterday and with the reports of the performance of Denel under your leadership we
20 know that the decision to appoint you must have been right because of the performance
that you subsequently showed but you would have known even at the time of the
interview what you were capable of?

MR RIAZ SALOOJEE: Yes Chair.

CHAIRPERSON: Okay yes.

ADV LEAH GCABASHE SC: Yes I interrupted you as you were going through

paragraph 51. You had gone halfway through that paragraph please continue?

MR RIAZ SALOOJEE: So to say the least I mean I was taken aback when he makes a statement like this Chair. But what was more interesting and he was laying some contexts for the discussion to go forward and then he said that they also – and he kept on saying that they had the support of number 1 and the old man. So I am sitting in the room, the son is there, Tony Gupta is there, Essa is there.

CHAIRPERSON: And previously the Minister had been there?

MR RIAZ SALOOJEE: Yes. And essentially he then took the lead as I have indicated and he said they want to do business with Denel and they want to assist Denel to
10 acquire new businesses in other markets and he specifically mentioned the Middle East and Asia.

ADV LEAH GCABASHE SC: And this was Essa who was speaking?

MR RIAZ SALOOJEE: This is Essa speaking okay. So Asia comes onto the table for the first time as well.

CHAIRPERSON: I – is your recollection quite clear about him having said this was coming from number 1 and the reference to the old man, you are quite clear in terms of your recollection that that was what was said?

MR RIAZ SALOOJEE: As I have indicated Essa has indicated that that is the support that they have okay. Again I want to reiterate

20 **CHAIRPERSON:** Ja.

MR RIAZ SALOOJEE: Whether he was reflect – [indistinct]

CHAIRPERSON: It is what he told you.

MR RIAZ SALOOJEE: Or not I am not sure.

CHAIRPERSON: Yes. No, no that is fine.

MR RIAZ SALOOJEE: But I think Advocate Gcabashe I think for the first time you also

see the mention of Asia in the discussion okay.

ADV LEAH GCABASHE SC: Yes.

MR RIAZ SALOOJEE: And it is important because it leads up to what then happened.

ADV LEAH GCABASHE SC: Yes and the rest of that – the next sentence in 52 if you could go through that as well because it is important when we look at the history of what happened.

MR RIAZ SALOOJEE: So then it also – as the meeting ends Chair Tony Gupta informs me that Essa will be their representative in this initiative that they want to launch.

CHAIRPERSON: The one involving Asia?

10 **MR RIAZ SALOOJEE:** No that they want to do business with Denel and going forward...

CHAIRPERSON: Doing business with Denel?

MR RIAZ SALOOJEE: Not only locally but outside [indistinct].

CHAIRPERSON: Ja okay.

ADV LEAH GCABASHE SC: Just to clarify so in 52 you also say that they also wanted to know what potential local business opportunities?

MR RIAZ SALOOJEE: Yes.

ADV LEAH GCABASHE SC: There were in Denel?

MR RIAZ SALOOJEE: But there was no specifics attached to that.

20 **ADV LEAH GCABASHE SC:** And it was not a lengthy discussion, it was just a...

MR RIAZ SALOOJEE: It was not they did not say this and this and they want to get – there was nothing of that sort.

CHAIRPERSON: It was in general?

MR RIAZ SALOOJEE: It was general.

CHAIRPERSON: Ja.

ADV LEAH GCABASHE SC: Yes.

MR RIAZ SALOOJEE: I think what Chair if I may what became clear is that there was an intention to do business.

CHAIRPERSON: Yes, yes. They made that quite clear ja. And what remained was what Denel's reaction would be to this approach?

MR RIAZ SALOOJEE: Yes.

CHAIRPERSON: Ja okay.

ADV LEAH GCABASHE SC: Continue.

MR RIAZ SALOOJEE: So I mean by then it became clear as I have just indicated
10 Chair that for the time Essa in the presence of Gupta articulated very clearly that they want to get involved in the defence industry and Denel in particular.

CHAIRPERSON: At that stage...

MR RIAZ SALOOJEE: So...

CHAIRPERSON: I am sorry at that stage was there any concern on your part as to whether in wanting to do business with Denel they were – they intended going through processes that everybody has to go through and complying with all the laws and regulations and policies in seeking to do business with Denel was there any idea in your mind whether this what was – what they were talking about as something they wanted to do was going to lead to anything like that or at that stage not really?

20 **MR RIAZ SALOOJEE:** Chair I mean and I have indicated that at that interaction I said very clearly that if there is any business that has to be done with Denel it must be done in the proper way and there must be a value proposition attached it and it must go through the proper process. And I had re – I had said that very clearly there.

ADV LEAH GCABASHE SC: Is – I beg your pardon.

CHAIRPERSON: And they seemed to accept that?

MR RIAZ SALOOJEE: They Chair...

CHAIRPERSON: On your reading?

MR RIAZ SALOOJEE: Chair there was no debate about.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: But we do not accept that.

CHAIRPERSON: Ja.

MR RIAZ SALOOJEE: It is a statement.

CHAIRPERSON: Ja. Ja Okay there was no argument you had made your position clear and they did not seem to challenge that?

10 **MR RIAZ SALOOJEE:** Yes Chair.

CHAIRPERSON: The meeting ended on that basis.

MR RIAZ SALOOJEE: Yes.

CHAIRPERSON: Okay.

ADV LEAH GCABASHE SC: Let us then move on to paragraph 53 and the thoughts that were going through your mind at this point in time?

MR RIAZ SALOOJEE: So Chair as I have indicated earlier then it became clear to me that they wanted to enter the defence environment and that they had seen Denel as one vehicle through which to enter that environment.

CHAIRPERSON: Yes.

20 **MR RIAZ SALOOJEE:** So it became clear that the interactions that they were having with me was to – not even explore but to investigate what would be the possibilities of – and that they were intent on doing business with Denel. It was not only the possibilities but they were clear that they wanted to do business with Denel.

ADV LEAH GCABASHE SC: Please put in context the last sentence of paragraph 53. Were they continuously trying to contact you after the meeting at which Duduzane was

present or is – how is one to interpret that very last sentence? If you could just read it into the record and just explain what you mean by tha?

MR RIAZ SALOOJEE: Advocate Gcabashe which – sorry which sentence?

ADV LEAH GCABASHE SC: Paragraph 53.

MR RIAZ SALOOJEE: Ja.

ADV LEAH GCABASHE SC: This was my constant refrain. So constant refrain meaning?

MR RIAZ SALOOJEE: Meaning in going forward with them Chair. And this has always been what I have consistently said.

10 **CHAIRPERSON**: To say any business will have to be done properly and with due compliance with the laws?

MR RIAZ SALOOJEE: Absolutely.

CHAIRPERSON: Okay.

ADV LEAH GCABASHE SC: But this is what you said to them as the relationship...

MR RIAZ SALOOJEE: As time went on.

ADV LEAH GCABASHE SC: Ja I do not want to call it developed because it really did not develop

MR RIAZ SALOOJEE: Yes.

ADV LEAH GCABASHE SC: But as time went on is a good enough phrase. Yes. And

20 54 I notice you...

MR RIAZ SALOOJEE: So...

ADV LEAH GCABASHE SC: Yes.

MR RIAZ SALOOJEE: Advocate Gcabashe.

ADV LEAH GCABASHE SC: Give the evidence?

MR RIAZ SALOOJEE: I think Chair also we need to understand the context within

which all of this was happening. I mean I have just gone through a lengthy explanation of what I was occupied with at Denel in terms of its turnaround strategy. In terms of the role that I needed to play at Denel to make this organisation a success. It is a huge thing okay. Whilst I am occupied with a very critical responsibility of running a company like Denel I am then faced with – with this kind of interaction. So Essa then calls me a few time and I ignore his phone calls and that went on for almost three months. I just – I did not you know – and eventually after three months of persistence I had indicated to him that I was just starting I was preoccupied at Denel and because obviously wanting to know why was I not taking his calls. But by this time I realised that you know I am
10 pushing the limits of what the expectation was. So eventually I was again asked to come to a meeting at Saxonwold.

CHAIRPERSON: During that three month period when you ignored Mr Essa's calls or requests are you in a position I know it is many years after – are you in a position to give some indication of the regularity of those calls, those requests or the frequency like maybe I would get a request on average once a month or an averaged once two weeks or so if you – if possible you might not be?

MR RIAZ SALOOJEE: I mean there was not – Chair it was not frequent as in like every week or every ...

CHAIRPERSON: Okay, okay.

20 **MR RIAZ SALOOJEE**: You know it ...

CHAIRPERSON: So it was quite frequent?

MR RIAZ SALOOJEE: It was not that...

CHAIRPERSON: So – it was not – oh it was not as frequent?

MR RIAZ SALOOJEE: Ja.

CHAIRPERSON: As like every week?

MR RIAZ SALOOJEE: No it was not.

CHAIRPERSON: Ja but...

MR RIAZ SALOOJEE: But I realised at some point.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: Something had to give here.

CHAIRPERSON: Yes. Okay. Thank you.

ADV LEAH GCABASHE SC: Did any other business person I am choosing my language carefully make as many calls as Mr Essa did?

MR RIAZ SALOOJEE: Chair in the years that I have been in the industry it has not
10 been unusual that people phone you consistently for a meeting you know and
sometimes you do not want to take the call and you just leave it I mean so – or you –
the requests. So it is not completely out of the norm that – but obviously this was an
indication that at some point something had to give.

ADV LEAH GCABASHE SC: Then tell ...

MR RIAZ SALOOJEE: So eventually...

ADV LEAH GCABASHE SC: Continue.

MR RIAZ SALOOJEE: So eventually I go to this meeting and now it is already the
latter part of 2012 so it is almost – it is almost a year of me being there you know.

CHAIRPERSON: And this is now – this would now be at the third meeting?

20 **MR RIAZ SALOOJEE:** This will be the third meeting.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: So when I get there it was only Gupta, Tony Gupta and Essa in
the meeting.

CHAIRPERSON: The venue is the same?

MR RIAZ SALOOJEE: The same venue. And when I got into the meeting it – it – the

atmosphere was quite tense if I may say so. And this time Tony Gupta takes the lead. And he says to me you are not cooperating and this lack of your cooperation is a serious issue he says to me. And that he also indicates that he does not want to elevate this further.

ADV LEAH GCABASHE SC: Did he explain the elevation of the issue to you?

MR RIAZ SALOOJEE: No he did not. He just said – but I do not want to elevate it further. I mean I can speculate what that meant but...

CHAIRPERSON: Well I do not know if you call it speculating but I want to know what your understanding was of what he meant when he said he did not want to elevate it
10 further.

MR RIAZ SALOOJEE: I – Chair if I may my reading of it was that he was going to – because of the fact that I was trying to not meet with Essa when he was calling or whatever else that he was going to either go to my political principles or the top as they had called it or whatever to complain about the fact that I was not cooperating with them.

CHAIRPERSON: Which top you understood to be?

MR RIAZ SALOOJEE: As I have indicated earlier so.

CHAIRPERSON: The former president?

MR RIAZ SALOOJEE: When he says elevated where – I mean where would he
20 elevate it to?

CHAIRPERSON: Yes. Yes.

MR RIAZ SALOOJEE: Yes Chair.

CHAIRPERSON: And this is in circumstances where you have met the Minister who was your political principle at that residence with them and in the second meeting the former president's son was also there. So this is now the third meeting but the former

president's son was not there at that meeting.

MR RIAZ SALOOJEE: No, no this was specifically – I mean in fact I have never met the Duduzane's – since that initial meeting.

CHAIRPERSON: Yes okay, okay.

MR RIAZ SALOOJEE: I have never interacted with him.

CHAIRPERSON: Okay, okay.

MR RIAZ SALOOJEE: So I have to say Chair I mean I am not the kind of person who is easily intimidated as well.

CHAIRPERSON: Yes.

10 **MR RIAZ SALOOJEE:** But I was listening to what they had to say based on the circumstances the context within which all of these interactions took place. And again I said I have no problem with you if you want to do business with Denel but you must do it in the proper way you know. And if you come with a proposal or proposition that can add value to Denel and has a value proposition attached to it and whatever else it is fine I cannot stop anybody from doing because of the publicity around you, because of whatever has taken place. If it is legitimate there is no reason why you cannot do business with – with Denel. And that is how I addressed this issue.

ADV LEAH GCABASHE SC: Did they engage you at all on what you called a proper process must be followed? Did they try to understand what you meant by a proper
20 process?

MR RIAZ SALOOJEE: I mean if they had not understood what I meant Advocate Gcabashe by a proper process then I mean it would leave a lot to be desired. I mean these were supposed to be business people.

ADV LEAH GCABASHE SC: Yes you see but the difficulty of course is that when they summonsed you to accommodate them as I understand your evidence more than

anything else you would go to their house? But again that conduct might be misinterpreted which is why when you speak of proper process they might not – this is – I am curious whether they would then have understood what you meant by proper processes must be followed.

MR RIAZ SALOOJEE: I do not think they wanted to take that discussion further that is my own view because it would have been a difficult discussion.

CHAIRPERSON: Well from what you said earlier on when you said what the position is that you articulated as far as Denel is concerned or as far as you are concerned at least for that meeting it must have been quite clear that you were quite firm that if any
10 business was to be done with Denel it would have to be done properly and lawfully

MR RIAZ SALOOJEE: Yes Chair.

CHAIRPERSON: And there is no reason why they would not under – have understood that you – you were firm about that or not really?

MR RIAZ SALOOJEE: Chair ...

CHAIRPERSON: The way you conveyed it when you gave evidence a few minutes ago I got the impression that they would have seen that you were firm on the point but I may have misinterpreted it.

MR RIAZ SALOOJEE: No I was very clear about this thing and I have said it to them whenever I have interacted and they have requested to do – Denel I have been
20 consisted with having saying that very clearly. So – and I do not think Chair that they would have taken that discussion to another level because then it would have been very clear.

ADV LEAH GCABASHE SC: Up to this point they had not given you a written proposal on anything at all?

MR RIAZ SALOOJEE: No they was nothing of the sort. And that is why there was no

– I mean the whole – it was now towards the end of 2012 already and nothing had happened you know. I have been there almost a year it is not...

ADV LEAH GCABASHE SC: They had not even bothered to make enquiries on paper I mean formally that is proper process, formally as to what opportunities might be available at Denel? There had been no formal in the sense of you know I am trying to interpret the proper process that you encouraged them to follow but there is not a single piece of paper that they send through to you where they made enquiries so that they could then come and meet with the relevant persons to follow through on those enquiries?

10 **MR RIAZ SALOOJEE:** That is correct.

ADV LEAH GCABASHE SC: Nothing?

MR RIAZ SALOOJEE: Nothing.

ADV LEAH GCABASHE SC: All you had were these discussions with them at Saxonwold essentially.

MR RIAZ SALOOJEE: Yes.

CHAIRPERSON: What was the difference between the second and third meeting?

MR RIAZ SALOOJEE: The second meeting was...

CHAIRPERSON: In terms of the content of the discussion?

20 **MR RIAZ SALOOJEE:** I mean Chair as I have indicated this second meeting was also to indicate the fact that there was still another level of political support that they had.

CHAIRPERSON: In terms of Mr Duduzane Zuma being there?

MR RIAZ SALOOJEE: Presence there. And also to send me a message that they presumably had supported my appointment and that I should understand that.

CHAIRPERSON: Yes. No that is fine. Let me ask you or let me mention something and maybe it is just mentioning. You know your evidence is that at the third meeting Mr

Tony Gupta led the discussion as I understand whereas the – in the second meeting it was Mr Essa if I recall correctly.

MR RIAZ SALOOJEE: Yes.

CHAIRPERSON: Ja who led the discussion. Now you say that Mr Tony Gupta said that you were not cooperating and that your lack of cooperation was a serious issue and he said that he did not want to elevate it further. You may or may not be able to comment on this that you – that the idea that he did not want to elevate the matter further ...

MR RIAZ SALOOJEE: Yes Chair.

10 **CHAIRPERSON**: Could be interpreted as some kind of subtle threat? Are you able to comment or are you not able to comment?

MR RIAZ SALOOJEE: Chair if an individual makes a comment like that there is only interpretation. I mean unless ...

CHAIRPERSON: Ja tell me.

MR RIAZ SALOOJEE: There is a – it is obviously a threat to elevate it somewhere else.

20 **CHAIRPERSON**: Yes, yes. Well I heard evidence last year from Mr Masego, Themba Masego who was Director General of GCIS who said that at a certain stage in his interaction with Mr Ajay Gupta Mr Ajay Gupta said something to the effect that he was not cooperating and if I recall correctly he said that – he talked about sorting him out or some kind of threat and I think he – I think that may have been around October. And Mr Masego gave evidence that in about three months later or four months later in January of the following year he was moved from the position of Director General of GCIS. You may or may not have heard that evidence being given but there was that evidence and it looks like you also got some kind of threat for not cooperating.

MR RIAZ SALOOJEE: Well Chair if I may say it is very clear. I mean if you look at what you are relating to me with regard to Themba Masego

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: I mean it is clear that there is a similar threat to this thing.

CHAIRPERSON: Ja. Ja, ja. Okay thank you. Ms Gcabashe.

MR RIAZ SALOOJEE: So – can I continue Advocate Gcabashe?

ADV LEAH GCABASHE SC: Please do.

MR RIAZ SALOOJEE: And I mean there was never a point at which I said you are not allowed to do business with Denel.

10 **CHAIRPERSON:** Yes.

MR RIAZ SALOOJEE: I have put that on the record.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: I mean it is not – so you know just like we do business with – if there is a legitimate irrespective whether there is the negative publicity but if they come with something that is legitimate and credible you cannot stop that process.

CHAIRPERSON: And you could not say that to anybody you are not allowed to do business with Denel all you could do is whether you will do business with Denel will depend on the legal processes and so on?

MR RIAZ SALOOJEE: Absolutely.

20 **CHAIRPERSON:** I would imagine.

MR RIAZ SALOOJEE: It is not a competitive practice to tell people that you cannot do business with Denel.

CHAIRPERSON: Ja.

MR RIAZ SALOOJEE: As long as it is legitimate. But in this meeting then it goes further Chair because the issue of India comes up and Tony Gupta is raising it. He

says I must also be aware of the fact that they are working extremely hard to lift Denel's blacklisting in India okay. So I am thinking to myself – oh and that they could – because they are very influential in that environment they can go a long way towards getting this problem resolved. But at the same time I am also very conscious and aware of the fact that we have got our own legal processes and diplomatic process and we have gone a long way towards addressing this. And we were making steady progress with getting to a point of resolving this thing. So I said yes but I did not respond to it – it was almost like a tirade he was going on to say but are you aware that this is what you are doing and that we can assist. So but there was no way that I could
 10 even entertain a discussion like that because we had legal processes in place you know. What influence in that work he was talking about I cannot comment on that I mean it is not... Then he goes onto another subject so we leave India East. Now he is making me aware of these issues.

ADV LEAH GCABASHE SC: Before you move onto the other subject what was your subjective view? Do you think that they played any part at all in resolving the difficulties South Africa had in India?

MR RIAZ SALOOJEE: Chair again from my perspective that solution was reached primarily through the intervention of our own judicial legal processes. There – I cannot countenance the fact that there was some influence that was put there because I mean
 20 Denel was involved in a legal process that was resolved legally.

CHAIRPERSON: And as far as you know that they had not been asked by Denel to do anything about that? That was being handled through proper channels?

MR RIAZ SALOOJEE: Absolutely.

ADV LEAH GCABASHE SC: Yes continue.

MR RIAZ SALOOJEE: Then he says that Denel was one of the few SOC's that had

not been supporting the New Age Newspaper.

CHAIRPERSON: That was not supporting the New Age?

MR RIAZ SALOOJEE: The New Age newspaper.

CHAIRPERSON: Newspaper ja.

MR RIAZ SALOOJEE: With subscriptions and or advertising and whatever else.

Because everybody else whether it was SAPC, Eskom, SAA was doing this and my

answer was a simple thing is that when I got to Denel we are in a turnaround strategy.

Our financial resources are constrained it must be focussed and geared towards the operations. We cannot spend money on things which do not add value to the business.

10 And that I was very clear on. But I was also aware that the people from New Age it is the CEO and the editor I think Nazeem Howe and Moegsien Williams that they were engaging with the Denel people as well to discuss about how we could support their newspaper with the subscriptions and advertisements.

ADV LEAH GCABASHE SC: Had you received reports of these engagements?

MR RIAZ SALOOJEE: So Fikile Mhlontlo was obviously the CFO because it is a financial issue I delegated him to deal with the issue. But I also said to him very clearly and categorically that we cannot entertain such a thing. And I think he did engage with them and he conveyed to them the same message. So that was another issue. Chair I

also have to just say that in light of this whole issue of the New Age thing in my capacity
20 as GCEO I have attended the New Age SABC breakfast meetings that were televised live on SABC and New and that was because if the Minister of Public Enterprises was the key note speaker all the Group CEO's that fell under that portfolio were obliged to attend as well. It was in that capacity that I attended those breakfast meetings. So then he goes on about this issue of the.

CHAIRPERSON: Well it might be a convenient time Ms or is [intervenes].

ADV LEAH GCABASHE SC: Chairman the next two paragraphs close off on this aspect.

CHAIRPERSON: Oh, okay.

ADV LEAH GCABASHE SC: If.

CHAIRPERSON: Okay, let us do that.

ADV LEAH GCABASHE SC: You would indulge us thank you.

MR RIAZ SALOOJEE: So and then the meeting ended. I mean it was not, did not take it any further. So it was him saying to me that these were the issues that they were concerned with and that was it. It was not.

10 **ADV LEAH GCABASHE SC:** Can you just deal with what is in paragraph 61, because that closes off on that meeting?

MR RIAZ SALOOJEE: Thanks advocate, I am coming to that, Advocate Gcabashe. So when the meeting ends I am walking out of the house. Essa is in front of me. This chap Tony Gupta is walking next to me and here he says to me why do I not take money. So he says to me because everybody takes money.

CHAIRPERSON: Hm.

MR RIAZ SALOOJEE: And I looked at him very specifically in his eyes and I said to him I do not take money and I walked down the stairs and I left.

ADV LEAH GCABASHE SC: Were you shocked by this offer?

20 **MR RIAZ SALOOJEE:** Yes and no Chair. Yes, because it was so blatant. I mean it was not, and no because given now what is going with all this stuff that is going that has preceded this interaction I do not know what message he was trying to send me, but I was [intervenes].

CHAIRPERSON: Well Mr Saloojee can you really say you do not know [intervenes].

MR RIAZ SALOOJEE: You know I mean you can interpret it differently, but I mean it

was clear you know and it was blatant.

CHAIRPERSON: And that is why you had an answer, because you understood exactly what he was talking about.

MR RIAZ SALOOJEE: And it was blatant.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: It was not like he was coaching it in any other way.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: And then he went back inside and Essa was walking with me. Do you want me to stop there Advocate Gcabashe?

10 **ADV LEAH GCABASHE SC:** I think that we can comfortably stop at this point Chairman and resume.

CHAIRPERSON: Yes.

ADV LEAH GCABASHE SC: At 62 when we come back after the lunch adjournment.

CHAIRPERSON: Okay, thank you. We will take the lunch adjournment and resume at 2 o'clock. We adjourn.

REGISTRAR: All rise.

HEARING ADJOURNS

HEARING RESUMES

CHAIRPERSON: Okay. Let us proceed.

20 **ADV LEAH GCABASHE SC:** Thank you. Thank you Chairman. Mr Saloojee I omitted to ask you if you were told what the name of Mr Ace Magashule's son was, whether you were told what his name was.

MR RIAZ SALOOJEE: Advocate Gcabashe, I cannot recall. I do not think so.

ADV LEAH GCABASHE SC: Thank you. I just wanted to clear that up. Otherwise we had just finished with paragraph 61.

MR RIAZ SALOOJEE: Yes.

ADV LEAH GCABASHE SC: And you were about to go into paragraph 62.

MR RIAZ SALOOJEE: So Chair obviously, I mean, if you saw the interaction that took place with regard to elevating it to another level the issue around why do I not take money. I mean at this point I was feeling at some level extremely frustrated and agitated at some level as well.

CHAIRPERSON: And attending these meetings, how were you feeling about attending these meetings? I know that you said that there were, there would be other people who requested meetings with you and you would meet with them and there would be other
10 people who made calls to you who wanted to do business with Denel and so on, but particularly with the second and the third meeting having gone through the first one what was your feeling about attending them? Were you attending them freely because you saw nothing wrong with attending them? Were you attending them with some reluctance, but taking the attitude that as long as in the end you made your point clear that you would not be party to anything irregular that would be fine or would you have preferred not to attend them if you had your way at least particularly the second and third meetings.

MR RIAZ SALOOJEE: Chair my own view is that at some level I was conflicted.

CHAIRPERSON: Yes.

20 **MR RIAZ SALOOJEE:** In terms of my emotions.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: On the one hand I was not envying or wanting to engage with this at any level. At another level I had to do this not only to protect Denel and to find out what is happening, because at the end of the day I could not ignore this. It was happening and I had to protect myself as well, you know. I had a livelihood that I

needed to look after.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: I had a family that I had to look after.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: I was doing I thought a relatively good job.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: I had an organisation of over 5 000 people whose interest I had to look after. So in that sense I was conflicted, but I also believe that I was strong enough to manage this process.

10 **CHAIRPERSON:** Yes.

MR RIAZ SALOOJEE: As obviously what transpired, we will see that it ran its course.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: Somewhere.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: And that is how I felt. So, at that point as Advocate Gcabashe said you know I had reached the point where it said the level of interaction with me cannot continue, you know.

20 **CHAIRPERSON:** Will it be correct to say you tried to strike a balance between on the one hand maybe refusing to have anything to do with them and then which could come with certain consequences and obviously supporting what they were in your understanding trying to do and in trying to strike that balance your attitude was even if I attend the meetings as long as I keep on saying proper procedures must be followed then I am comfortable with that or what do you say?

MR RIAZ SALOOJEE: Chair you are completely correct in your assessment or analysis of this. I had to strike a balance. I mean, but strike a balance in the sense

that on the one level I had a responsibility towards the organisation and myself, but I also had to keep them for lack of a better word at bay and that was to say that again the constant refrain was you can do business at Denel but it has to be done in a proper way and that was the balance I was trying to find, but it was not easy. It was difficult. It was emotionally draining. It was a difficult, difficult thing.

CHAIRPERSON: Actually by the time of the third meeting you had already tried to basically ignore the request from Mr Essa for meetings for about three months, but then you felt at a certain stage that well maybe you should go and do the next meeting that he asked for and you went there and you took the stand that you took?

10 **MR RIAZ SALOOJEE:** That is correct.

CHAIRPERSON: Thank you.

MR RIAZ SALOOJEE: So Chair as I have indicated at that point and I said to Essa as we were leaving that you know this, it cannot continue like this. I mean it has to be some level of change in the way in which we work as I said, because [indistinct] and I said I could not, I did not say that to him, but in my own mind I said I could not as a Group CEO continue having these interactions all the time especially with the Gupta family and I said to him if you want to continue exploring to do business with Denel you have to do through the Business Development people, okay and the Head of Business Development and Market at that point was Zwelakhe Ntshepe, okay and subsequent to
20 that I said to him that will be your point of contact. You have to work through Zwelakhe Ntshepe.

ADV LEAH GCABASHE SC: Mr Saloojee why had you not suggested this before that is having Essa contact your Business Development and Marketing Executive?

MR RIAZ SALOOJEE: Chairman for two reasons. The one was because of the context that I have just laid that I was dealing with this personally because the personal

approach was made to me and secondly, I was trying to manage it to the point at which I could make sense of where we were going with this thing and at that point for me it was a judgment call. The correct decision was to say you now have to go and work through the Business Development people.

ADV LEAH GCABASHE SC: What cautionary note did you sound if any at all to Mr Ntshepe as you passed this particular prickly pear onto him?

MR RIAZ SALOOJEE: As I have indicated in my statement I was very clear because at that point I had complete confidence in Mr Ntshepe. I mean he had worked with me. I found him there. I had empowered him. I had given him more responsibilities and we
10 had a good working relationship and I had indicated to him very clearly that wherever the discussions go he must keep me updated and he must also make sure that the processes are followed according to what the expectation is with regard to the Denel procedures. I had also given him an overview of who Salim Essa was and what his relationship was and that is why I cautioned him to be careful about him and that I wanted feedback if there was anything that he thought needed to be brought to my attention.

ADV LEAH GCABASHE SC: When you had that discussion with him did he express any views about either knowing the Guptas, knowing Salim Essa or knowing at all that they had an interest in doing business with Denel?

20 **MR RIAZ SALOOJEE:** No, not that I can recall.

ADV LEAH GCABASHE SC: Not at the outset and did he then give you those regular reports or did he table them at your Exco meetings?

MR RIAZ SALOOJEE: No

ADV LEAH GCABASHE SC: And when I say regular reports, reports about progress he may or may not have been making with Mr Essa?

MR RIAZ SALOOJEE: No there were no formal reports that were given.

ADV LEAH GCABASHE SC: And did you make any further enquiry and I am really going just looking at the earlier days. I am not going into the rest of the year. Just in those first few weeks after you had passed this particular matter on to him, did you make any enquiry at all or did you both just continue with your functions?

MR RIAZ SALOOJEE: We continued with our functions. Every so often Mr Ntshepe used to come to me and say to me well he has met with Mr Essa and he would say but there has been no significant progress. That they have been talking about assisting one another in looking at business in the UAE, in the Middle East, but there was not
10 anything of substance or any concrete proposal or anything that came out of those discussions.

ADV LEAH GCABASHE SC: Now we have Mr Stephan Burger who was one of the divisional heads at Denel. You know Mr Stephan Burger?

MR RIAZ SALOOJEE: Yes, he reported to me.

ADV LEAH GCABASHE SC: He has given us a statement. It is not signed. It is just a statement in which he alleges that Ntshepe acted on your instructions in executing his functions in relation to Salim Essa. Do you recall that it [intervenes]?

MR RIAZ SALOOJEE: I categorically deny that.

ADV LEAH GCABASHE SC: Burger also says that he too acted on your instructions
20 when he engaged with Essa on these matters that you had passed on to Ntshepe.

MR RIAZ SALOOJEE: Chair I deny that, but if you look at what has happened subsequently I will be able to justify why I say that.

CHAIRPERSON: Let us go to the first question or the one before the last one in relation to Mr Ntshepe.

ADV LEAH GCABASHE SC: Yes.

CHAIRPERSON: I understood Ms Gcabashe to say that in the unsigned statement Mr Burger says that Mr Ntshepe said he was acting on your instructions. Is that how you understood the question as well?

MR RIAZ SALOOJEE: Yes.

CHAIRPERSON: Yes. Now of course you had asked him to interact with Mr Essa had you not?

MR RIAZ SALOOJEE: Yes.

CHAIRPERSON: So to the extent that he may have interacted with Mr Essa he would have been acting on your instructions. Is it not?

10 **MR RIAZ SALOOJEE:** Yes Chair.

CHAIRPERSON: To that extent at least?

MR RIAZ SALOOJEE: Chair to that extent I had introduced him.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: I did not say that you have to work with him.

CHAIRPERSON: *Ja*, for the purpose of him being the person who Mr Essa and maybe the Guptas if they want to do business with Denel that was the person who they needed to talk to and you were, you had said to him interact with them?

MR RIAZ SALOOJEE: Yes Chair.

20 **CHAIRPERSON:** *Ja*. In case there is anything that he did that might not be lawful that might be something else, but you had given instructions that he must interact with them?

MR RIAZ SALOOJEE: Yes Chair.

CHAIRPERSON: So I thought maybe to the; your answer might needed to be clarified because your evidence had clearly been that you asked him to interact with them. Thank you.

ADV LEAH GCABASHE SC: Thank you Chair. In fact I should also have made it clear Mr Saloojee that I was really now dealing with what transpired in relation to VR Laser and the relationship that developed between VR Laser and the unit that Stephan Burger was running, but I agree with you. We will get to that in due course. I just wanted to point out here that there is a version much as it is unclear. [Indistinct] it is a version that is simply a statement that says that the Directors who you charged with assisting Salim Essa acted on your instructions and when they say acted on your instructions I understand that to mean even in the things they did that were irregular and against the policies, conventions and guidelines of Denel. Is that how you understood my
10 question?

MR RIAZ SALOOJEE: Yes.

ADV LEAH GCABASHE SC: Thank you, but we will get to that in due course. If we then just tidy up and can you tell us about the wedding invitation?

MR RIAZ SALOOJEE: Obviously Chair like many other people in South Africa that went to the famous wedding I was also invited to that wedding not through a phone call or not through anything. There was an invite that was delivered and I refused categorically to go to that wedding. So I never attended that wedding.

CHAIRPERSON: You never attended that wedding?

MR RIAZ SALOOJEE: Never attended the wedding.

20 **CHAIRPERSON:** Yes.

MR RIAZ SALOOJEE: Consciously I must say I was [intervenes].

CHAIRPERSON: Okay, thank you.

ADV LEAH GCABASHE SC: And then we are at paragraph 65 of your statement.

MR RIAZ SALOOJEE: So after that I mean it became apparent to me Chair that from Ntshepe's comments at certain points about him having had a few discussions with

Essa about the Middle East and all of this, it seemed as if they were developing some kind of relationship. I cannot categorically put a finger on it.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: It was a gut feel.

CHAIRPERSON: Yes, but from what you, he was reporting to you informally or verbally you gained the impression that they were working together?

MR RIAZ SALOOJEE: Yes.

CHAIRPERSON: Ja, okay.

MR RIAZ SALOOJEE: So as I have indicated that I had said to Ntshepe that every so
10 and again I want feedback about what progress you have been making with these things and he invited me to a few coffee sessions with Essa so that they could give me an update, because that was the expectation and I was also wanting to, I was interested to know what progress and what discussions they were having.

ADV LEAH GCABASHE SC: Can I ask you to pause at that point? So we are now really in 2013?

MR RIAZ SALOOJEE: Yes.

ADV LEAH GCABASHE SC: Early 2013?

MR RIAZ SALOOJEE: Yes.

ADV LEAH GCABASHE SC: And who attended these coffee sessions/

20 **MR RIAZ SALOOJEE:** It was Ntshepe, Essa and myself.

ADV LEAH GCABASHE SC: Thank you. Continue.

MR RIAZ SALOOJEE: So in one such meeting we were discussing and I remember clearly that the discussion was also about them having identified some potential business that they could do in the UAE and that they were exploring that particular business, but that they will come back to me when they have matured that discussion

and Essa in the meeting then also said he was also looking at, and this is an interesting point, at what our other capabilities in the country with regard to companies that have a capability that they could look at, okay and then he specifically said to me that they have been looking at the issue of VR Laser and he said what is your opinion on that. So I said I have known the company for a while. They have been a historical supplier to Denel and they have had a good track record. There is nothing that I have understood or been brought to my attention that they are not a company of good repute and I ended the discussion by saying yes I am familiar with the company and it is a good company and that was it. We did not talk. Now VR Laser at that point as you
10 know when Mr Jiyane was giving his testimony had been a supplier to Denel for many years and in fact he, if I read it correct, he was saying that it was a strategic supply, because of the very specialist capabilities that they had there.

ADV LEAH GCABASHE SC: In fact he went further to say that it is Mr Ntshepe who introduced him to Essa when.

MR RIAZ SALOOJEE: If I.

ADV LEAH GCABASHE SC: When Mr Jiyane was trying to find funds to capitalise VR Laser.

MR RIAZ SALOOJEE: If I understand it correctly they had met at the defence exhibition in.

20 **ADV LEAH GCABASHE SC:** That is correct.

MR RIAZ SALOOJEE: In the UAE somewhere and that was it. I left it at, and again I, from that meeting I got the impression that the relationship between Essa and Ntshepe was becoming close. I could see the body language and whatever else, you know.

ADV LEAH GCABASHE SC: Can I ask again was there any piece of paper any proposal anything at all that you would call falling within the formalities of a business

person approaching Denel, did anything of that nature come onto your desk or was something like that brought to your attention to show that here are business people who are following the procedures that you know apply at Denel?

MR RIAZ SALOOJEE: No Chair. There was absolutely nothing of that sort. I mean, because there was nothing.

CHAIRPERSON: Was it normal to have so many meetings with people who want to do business with Denel without there being a formal proposal?

MR RIAZ SALOOJEE: Chair I mean there have always been meetings with people and that, but in this instance I think the abnormality was the background to what had
10 happened.

CHAIRPERSON: I would imagine that a first meeting would be normal to hear what people have to say and so on and so on and point them maybe if necessary to what the procedures are in they have ideas or proposals that could lead to business for both Denel and them, but I am just wondering whether it is normal to have a second and a third and all these coffee shop meetings that from what I understand Mr Ntshepe and yourself and Mr Essa would have had in 2013 whether that would be viewed as normal practice before somebody says put something, at a formal level to say this is what I would like to do with you.

MR RIAZ SALOOJEE: Chair as I have said I mean these kind of interactions do take
20 place and a lot of meetings with clients and customers do happen outside the office either over lunches or coffees or whatever else, but in this instance the abnormality as I have indicated was given the background of where we had come from and as I had indicated earlier I was not interested. I was affected and I wanted to understand what was going on in those discussions and that is why when Ntshepe called me to these coffee sessions I obliged to go because I wanted to know what was happening and that

is why we have met and it was not as frequent as maybe is portrayed here.

CHAIRPERSON: It might seem, *ja*.

MR RIAZ SALOOJEE: It might seem here.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: Probably one every.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: Six two months, six [intervenes].

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: Months.

10 **CHAIRPERSON:** Yes.

MR RIAZ SALOOJEE: It was not like it was once a week or.

CHAIRPERSON: *Ja*.

MR RIAZ SALOOJEE: Regular meetings or whatever else.

CHAIRPERSON: *Ja*. Okay.

ADV LEAH GCABASHE SC: Then you continue at paragraph 68.

MR RIAZ SALOOJEE: As I said in terms of and I kept on saying to him even after the meetings is that please make sure as I have indicated to you do the right thing and make sure that if there is anything that you are not concerned about or whatever else you must bring it to my attention, okay and he agreed with me that he would do that,

20 okay.

CHAIRPERSON: That is Mr Ntshepe?

MR RIAZ SALOOJEE: Yes.

CHAIRPERSON: Okay.

MR RIAZ SALOOJEE: So in 2014 Mr Gigaba was replaced by Minister Lynne Brown, okay. So now remember this is the whole of 2013 gone by. There is nothing of any

significance. So it is already 2014 and this is where things start to get interesting, because it is almost a year and a half to the date at which I am, the new Board comes in and I am suspended. So this is an important element of.

CHAIRPERSON: Ja.

MR RIAZ SALOOJEE: Of the statement, okay.

CHAIRPERSON: Hm.

ADV LEAH GCABASHE SC: But can I just give you a little more context as you continue? By the end of December 2013 Essa had purchased VR Laser. This is just background information to give context and if I am not wrong Iqbal Sharma had
10 purchased VR Laser Properties. These were two different transactions, but of course because they were Directors in joint companies there was a relationship there between the purchase of VR Laser the company that Jiyane was trying to capitalise and VR Laser Properties on which Jiyane's company sat or was, had been bought the premises, but I just give you that context because it will become important later on as we discuss what Burger, what else Burger has to say about this.

MR RIAZ SALOOJEE: Advocate Gcabashe you are absolutely right, but of course I mean the, when you refer to the property side I mean it would have had nothing to do with Denel. We do not, I mean, there is no interaction with properties. It would have been with the actual manufacturing side.

20 **ADV LEAH GCABASHE SC:** Yes, but there is another leg to that. Let us continue share Chair.

MR RIAZ SALOOJEE: So.

ADV LEAH GCABASHE SC: You are at paragraph 70.

MR RIAZ SALOOJEE: This is 2014, okay. So Minister Brown then replaces Minister Gigaba. So this was sometime after the last interactions and then again I

attended the meeting with him and Essa where I think specifically the point that Essa was trying to make to me is that oh there is a new Minister, but do not worry. They have the support of the new Minister, okay.

CHAIRPERSON: So that is Mr Essa saying that to you?

MR RIAZ SALOOJEE: To me and to Ntshepe, yes.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: *Ja.*

CHAIRPERSON: Well I see here that you say he said and you quote:

“They had the support of the new Minister.”

10 Was he talking about the Gupta family when he was saying “they”?

MR RIAZ SALOOJEE: Chair generally when they say “they”.

CHAIRPERSON: Or he meant he and [intervenes].

MR RIAZ SALOOJEE: When he refers to “they” it is him and the Guptas.

CHAIRPERSON: Okay.

MR RIAZ SALOOJEE: I must admit as I have indicated there at that point in the last sentence Chair is that at that point I have no evidence to corroborate what he was saying, okay.

CHAIRPERSON: Yes.

20 **MR RIAZ SALOOJEE:** To my knowledge there was nothing that happened that I could say yes that is the case that he said they have the support [intervenes].

CHAIRPERSON: Yes, but given what you had seen and heard in your interactions with Mr Essa and the Gupta family from before the first meeting with them to the first meeting, second meeting and so on you would, would you have had grounds to think that they did not have the kind of political support they were claiming. I am just asking that against the background.

MR RIAZ SALOOJEE: Yes Chair.

CHAIRPERSON: That you were brought to the Gupta residence and introduced to Minister of Public Enterprises at the time. Second meeting the son of the former President was brought in and they had been making certain claims and to somebody this might create the impression that all of these things were done to create a very clear impression in your mind that look we have got strong political support.

MR RIAZ SALOOJEE: Chair I have no doubt that that was the intention given the history of what happened prior to that. It probably was the case.

CHAIRPERSON: Yes, thank you.

- 10 **ADV LEAH GCABASHE SC:** Can I just ask for some clarity? At paragraph 70 you simply say I attended a further so called report back meeting with Essa and Ntshepe. Who invited you to this meeting?

MR RIAZ SALOOJEE: Ntshepe.

ADV LEAH GCABASHE SC: Ntshepe?

MR RIAZ SALOOJEE: *Ja*.

ADV LEAH GCABASHE SC: And did this meeting take place in Johannesburg or at Denel? Where did the meeting take place?

MR RIAZ SALOOJEE: No, in Johannesburg.

ADV LEAH GCABASHE SC: In Johannesburg?

- 20 **MR RIAZ SALOOJEE:** Yes.

CHAIRPERSON: The same venue?

MR RIAZ SALOOJEE: Yes.

CHAIRPERSON: I am saying same venue. Maybe I should not say that. At the Gupta residence?

MR RIAZ SALOOJEE: No, no.

CHAIRPERSON: Or where you normally have the?

MR RIAZ SALOOJEE: The coffee.

CHAIRPERSON: The coffee.

MR RIAZ SALOOJEE: Yes.

CHAIRPERSON: Coffee shop. Oh, okay. Yes, okay. Thank you.

ADV LEAH GCABASHE SC: Continue.

MR RIAZ SALOOJEE: And again I mean Chair I say even though he had introduced a new element of the new minister in the support I have been consistent throughout to say that it did not change my view about how they want to relate with Denel, and I have
10 reiterated that to him, but at that point I could see that he was not really becoming irritated with me.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: That he consistently brought some level of influence to demonstrate to me what his reach was, but yet I kept on saying that this is what is going to happen you know.

CHAIRPERSON: So it was like a – you were not being threatened, you didn't feel any threat or intimidation to the extent that this might have managed to intimidate you into taking a certain position?

MR RIAZ SALOOJEE: No Chair again I say that it was in a sense to show that they
20 have continuous political support and that the interactions and the intervention that they want to take with Denel will continue because of that support, okay, and as you see later that is what transpired.

CHAIRPERSON: What was Mr Ntshepe's attitude as may have been revealed either at these coffee shop meetings or outside of them to your repeated stance that you took that things had to be done properly, did you get support from him when you were

making, taking this stance at the coffee shop meetings or what was the position?

MR RIAZ SALOOJEE: Chair two elements to that, the first is that he was reporting to me, I was his boss, so he couldn't openly contradict what I was saying there.

CHAIRPERSON: Okay.

MR RIAZ SALOOJEE: And the second part is that he would, like I say the second part would be he would not openly contradict me there.

CHAIRPERSON: Yes, yes, but did he ever speak in support of your stance or he left you to articulate the position and to say ...(intervention)

MR RIAZ SALOOJEE: No, no I think on the few, on the occasions when he did make
10 a comment on that he said – he used to call me Boss he used to say yes Boss we will do that.

CHAIRPERSON: Okay.

ADV LEAH GCABASHE SC: Please continue.

MR RIAZ SALOOJEE: So there was nothing of any significance that happened throughout that whole period there, then it had come to our attention that it was obviously in the press that Essa had bought V R Laser as Mr Giyani had indicated in his testimony yesterday, I thought it was around July 2014 but from what I heard yesterday it was earlier.

ADV LEAH GCABASHE SC: It was earlier, it was December going into January.

20 **MR RIAZ SALOOJEE**: Ja, 2014

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: So whilst all of this was going on Denel Land Systems, which is a division of Denel which was run by Mr Stephan Burger, the CEO of Denel Land Systems, they concluded a contract with SANDF, South African National Defence Force, to supply infantry combat vehicles through a contract that was signed in 2007

but only implemented in 2014, and that was purely because of budgetary constraints within the defence force that it took so long for it to be implemented.

CHAIRPERSON: Yes, it took about seven years.

MR RIAZ SALOOJEE: Yes, because they were trying to find the money for it. As an aside I just want to say the individual who ran Denel Land Systems, Stephan Burger, who was referred to earlier by Advocate Gcabashe it had come to my attention after my suspension that he had also become very close to Essa during the period while I was still there without my knowledge and also subsequent to my suspension it was reported in the press that Burger and Ntshepe had been flown to India in the Gupta jet to attend
10 a defence exhibition there, so obviously there was a relationship that had developed and was continuing to develop.

ADV LEAH GCABASHE SC: In fact there's a media article that says that Ntshepe and Burger were in discussions with the incoming Board before the 2015 Board took office.

MR RIAZ SALOOJEE: Sorry I did not mention that, Advocate Gcabashe is right, it was also brought to my attention by certain staff in Denel Land Systems post my suspension that during my tenure there Ntshepe and Burger were continuously meeting with the Gupta family without my knowledge or – so they were almost running a parallel relationship, one way I had said to Ntshepe he must engage with Essa to see where
20 this thing was going on, but they were having their own relationship independently of myself or the formal structures of Denel.

CHAIRPERSON: Well you wouldn't have been surprised if Mr Ntshepe was interacting with them after you asked him to be the person that they should talk to, but you might have known nothing about Mr Burger interacting with them isn't it?

MR RIAZ SALOOJEE: No absolutely and I think that's what Advocate Gcabashe is

saying.

CHAIRPERSON: Yes, yes but the reports you got did they suggest that interaction may have happened before you asked Mr Ntshepe to be the contact person or not really?

MR RIAZ SALOOJEE: Not really Chair.

CHAIRPERSON: Okay, because insofar as those interactions may have taken place after you had asked him to be the contact person and if they fell within this code of the task of his function you wouldn't consider that you wouldn't be concerned about that?

MR RIAZ SALOOJEE: No Chair.

CHAIRPERSON: Ja okay.

10 **ADV LEAH GCABASHE SC**: Please continue Mr Saloojee.

MR RIAZ SALOOJEE: So whilst this was going on towards the end of 2014, now it's coming about it was end of 2014, we're going into 2015, the Board's turn is coming to an end, and we're all preparing for that, this Hoefyster contract Chair which was for the supply of combat vehicles for the defence force required the fabrication of steel hubs as Mr Jiyane was explaining and when he explained yesterday he said that the jigs and fittings and the technology and the welding equipment that they had were of a very specialised nature. He had also indicated when he gave his testimony that they were invited to a suppliers briefing at Denel, if I'm not mistaken, where they were briefed about what the program was and that the tender would come out, so they went through
20 the due process, the tender came out and V R Laser had won that contract, in November 2014, which was signed off at the divisional level by Stephan Burger with V R Laser. That was November 28 2014.

ADV LEAH GCABASHE SC: Can I say though that Stephan Burger says about this particular contract that you – these are my words – you put pressure on them to assist V R Laser and ensure that they got the contract, these are my words, but the import of

it is under your construction, that business of you instructed them to accommodate V R Laser, what do you say to that?

MR RIAZ SALOOJEE: Chair that could not have been the case, because we had an in-house capability as well which was called Landward Mobile Technology and I had insisted to understand why were we not contracting this in-house and they came back with a number of technical reports, because the procurement process does not go through me or through the head office, it goes through the divisional level and I'm sure if you go through the paperwork it will be shown very clearly how the process worked and where the decisions were taken. It's not an arbitrary decision, they had then
10 convinced themselves that the ability of LNT which was a Denel subsidiary to do the work was not there because it was compromised by the quality of work, the quality of the steel and that the defence force was actually complaining about their inability to perform on the contractual obligations that they had and having gone through that process he then signed off on it himself, I mean I have never signed off on that, so I denied that I had put any kind of pressure on him, because it had nothing to do with Group level.

ADV LEAH GCABASHE SC: There are documents that you have annexed to your papers, shall we get to them later or would you rather go to them now?

MR RIAZ SALOOJEE: Sorry Counsel?

20 **ADV LEAH GCABASHE SC:** That's the letters and the MOU and the MOA.

MR RIAZ SALOOJEE: Okay we are coming to that now.

ADV LEAH GCABASHE SC: We will come to that a little later, can I say this though, that in fairness to what you have just said my reading of the same statement that I have quoted you, Stephan Burger's statement, is that he also says that you supported LMT to get in the work and doing the work internally so there's a little bit of a contradiction

that I quite frankly couldn't quite understand, but maybe Mr Burger will come and give evidence and clarify whether he was saying you supported LMT which was an internal organisation within Denel or whether you said to them give this work to V R Laser, there's a little bit of a contradiction there, and I think I must point it out seeing that I am the one who has raised the issue of the statement to say even in that statement there's no real clarity as to what you are supposed to have said or done. But please proceed.

MR RIAZ SALOOJEE: So that was towards the end of 2014 so nothing is happening and that was a divisional level issue, it was contracted at divisional level, it's normal course of business, it's not ...

10 **ADV LEAH GCABASHE SC:** Can you just explain how you got to know about the conclusion of the V R Laser deal?

MR RIAZ SALOOJEE: I was informed by the COO Jan Wessels.

ADV LEAH GCABASHE SC: Wessels, thank you. Please continue at paragraph 73.

MR RIAZ SALOOJEE: So – sorry Advocate Gcabashe I thought we dealt with that contract.

CHAIRPERSON: Ja, you have dealt with 73.

ADV LEAH GCABASHE SC: Oh yes.

CHAIRPERSON: I think go to the ...(intervention)

ADV LEAH GCABASHE SC: Please continue.

20 **MR RIAZ SALOOJEE:** So that was in November 2014, in April of 2015 Burger as the CEO of Denel Land Systems sent me correspondence requesting that they wanted to appoint – that they wanted to appoint V R Laser as a strategic supplier of fabricated products. I was assured by Burger that they were convinced that in terms of price, quality and performance and the preference of what they called the original equipment manufacturer, which is the finished company called Patria, which is the original

manufacturers of these vehicles and then we've manufactured it under license here that they had supported this as well and because of the quality of the product that V R Laser was manufacturing to, the standard to which they were manufacturing to, that they would like to conclude a strategic partnering agreement, and I will come back to what their motivation was. They had then conducted their own internal process being led by their own internal team, meaning the CEO of Denel Land Systems, the entire executive and the procurement department. We were not involved in this process from Denel Executive level at Group level.

When they concluded this process Burger came to me with a
 10 recommendation to appoint V R Laser as a strategic supplier and asked to engage in signing an MOU, a Memorandum of Understanding to give effect to this. I, and I will say now that after having considered all the facts before me, had approved and signed off on them engaging with V R Laser on a Memorandum of Understanding based on the objective facts that were on the table.

So as I've said in 79 it was on their recommendation that I signed off on this request together with the Denel Chief Operating Officer at that point Jan Wessels, and those attachments are attached there so ...(intervention)

ADV LEAH GCABASHE SC: Can I please ask you to actually go to them and just very quickly summarise the content for the Chairman, you will find them in file B, so it's
 20 Exhibit W4B, and the page number is 293, so they are marked as 4.1, 4.2, 4.3 and 4.4 on the flags that are there.

MR RIAZ SALOOJEE: Yes.

ADV LEAH GCABASHE SC: If you could briefly take the Chairman through what it is you understood you were signing off on.

MR RIAZ SALOOJEE: Thanks Advocate Gcabashe. So this is a letter to me, it is not

actually the MOU, okay, and it says MOU with V R Laser for supply of fabricated structures and it goes

“the exceptional growth and the number of key current and future large programs in DLS, that’s Denel Land Systems, has necessitated the business to reassess our relationship with key and strategic industry partners considering critical parameters such as sustainable industry development, including unique capabilities, commercial and technical requirements, enterprise development, geo-political considerations and BBBEE objectives.”

It goes on further to say:

10 “It is clear the direction and example as set by Rooivalk is also relevant to major programs in DLS. Therefore categorising the relevant supplier industry and establish associate customised agreement in the following categories which will be followed by DLS.”

So it goes and breaks it down to strategic with OEM, segment with OEM meaning in the industry itself, strategic supply of core sub-systems at a technical level, so that’s at a lower level and normal procurement with operational requirements which is general procurement. Evaluating the sub-contracting structures of Hoefyster and AV8 it is important to note that given that these two major programs were activated more than ten and three years ago respectively industry partner decisions evolved in a way not
20 ideal to today’s perspective.

Chair if you don’t mind I’m going to go through the other critical elements instead of reading the whole thing.

CHAIRPERSON: Yes, that’s fine.

MR RIAZ SALOOJEE: So essentially what they were saying is that the issue of supplying the fabricated hubs was what in the defence environment we call mission

critical, okay, because these are combat vehicles and if they are ever in a combat situation, in a war situation the quality of the product, the integrity of the steel it has to match with certain standards or people's lives will be killed, so if I have to give a typical example, if you want to manufacture ten vehicles which are fighting vehicles, which will be used in actual combat if I give one company three vehicles to do, if I give another company three vehicles to do and another company four vehicles you cannot guarantee that each company will produce those mission critical systems at exactly the same level with exactly the same quality, with exactly the same welding experience, so if anything does go wrong you cannot ensure the integrity of the entire fleet of vehicles. That was
 10 one of their motivating factors here, and it also has a significant cost implication because if you have one manufacturing facility you only have one set of tools, and jigs and everything that they use to produce that vehicle as opposed to replicating it in three or four different facilities.

So that was the motivation and they asked to engage in an MOU with V R Laser and it was signed off by Burger, Jan Wessels the CEO and myself after having considered all the technical arguments that was there and remember this was a request to enter into MOU, it's not a contract, it is not an agreement as we will come to in a sort while.

ADV LEAH GCABASHE SC: Except of course if you look at page 294 Mr Saloojee the
 20 second last line mentions an MOA, I'm sorry it's not very legible because of the blue colouring, but there's the introduction of an MOA will be balanced and protect long-term best interest of both companies. How did you interpret that sentence?

MR RIAZ SALOOJEE: Chair my own view is that that was a typographical error, it should not have been an MOA, it was probably going to – it would have to be consistent with the document which says MOU.

ADV LEAH GCABASHE SC: Then the next issue I will raise is of course this particular project is one that LMT could have done as well as V R Laser.

MR RIAZ SALOOJEE: Yes.

ADV LEAH GCABASHE SC: And explain to the Chairman what your preference would have been, because that was part of the debate you had with Burger, and why you would have had that preference.

MR RIAZ SALOOJEE: Chair in this instance I would have been of the view because the equipment to manufacture the hulls would have been the same in LMT and V R Laser and in terms of the issues around integrity and that I do believe that between the
10 two suppliers given their track record and their performance that it could have been split between the two organisations and this is what I had argued with Burger as well, notwithstanding the mission critical issues that I've just referred to.

The problem was that LMT even at that point was having a significant problem in terms of its delivery of its contractual obligations to the National Defence Force, so they had a contract for some ambulances which they were not performing on as well, the integrity of the steel that they were using was not up to standard according to the National Defence Force as well, and when we investigated when the reports came it demonstrated that this was the case, so DLS and Burger in this instance had some merit in saying that they did not want to go LMT notwithstanding that I had asked
20 them to consider the possibility and that's why they motivated for this one.

ADV LEAH GCABASHE SC: In fact there's also a view that V R Laser put in an unsolicited bid for this piece of work, so it's not a piece of work that went out to tender, they actually, it would appear, offered to do the work.

MR RIAZ SALOOJEE: Sorry Advocate Gcabashe which one are you referring to here?

ADV LEAH GCABASHE SC: The VR Laser, VR Laser doing the work for the – for

DLS, the hulls.

MR RIAZ SALOOJEE: No that was the original one in 2013.

ADV LEAH GCABASHE SC: Was that the original one in 2013?

MR RIAZ SALOOJEE: Yes this is a completely separate issue this.

ADV LEAH GCABASHE SC: To that particular one.

MR RIAZ SALOOJEE: Yes, because that was concluded through the tender processing ...(intervention)

ADV LEAH GCABASHE SC: Maybe if you take us through to documents at 4.2, 4.3 and 4.4 things will become a little clearer because there you've got MOU's annexed in relation to, MOA's I beg your pardon, annexed in relation to what exactly did
10 ...(intervention)

MR RIAZ SALOOJEE: So Chair this document that I signed off was to say that you are free to engage in establishing, go and explore the possibility of establishing an MOU, which will set the basis of a relationship based on a the technical recommendations and operational requirements that you see here.

ADV LEAH GCABASHE SC: Okay, so we look at 4.2, at page 297.

MR RIAZ SALOOJEE: So that was the letter that was sent to me, but Chair of interest if you look at on page 297, there is a similar letter that was addressed to me but it's dated the 16th of April, the letter that was sent to me ...(intervention)

20 **CHAIRPERSON:** It's at 297?

MR RIAZ SALOOJEE: Yes.

ADV LEAH GCABASHE SC: While the Chairman is looking ...(intervention)

CHAIRPERSON: Yes, carry on.

ADV LEAH GCABASHE SC: ...just give him the date of the first letter, that's on 293.

MR RIAZ SALOOJEE: The first letter Chair ...(intervention)

ADV LEAH GCABASHE SC: At 293.

MR RIAZ SALOOJEE: Was dated I think the – was the 22nd of April.

ADV LEAH GCABASHE SC: Thank you.

MR RIAZ SALOOJEE: And that was the letter that was sent to me, which I have just read from, but if you go to 297 there is a similar letter that is dated the 16th of April.

ADV LEAH GCABASHE SC: So about a week before, simply a few days before you got your letter.

MR RIAZ SALOOJEE: Yes and if you go carefully through the letter, the letter that was sent to me is couched in more strategic terms with regard to the strategic value of doing
10 a partnering agreement with VR Laser, this was merely a technical agreement, okay, and it had a lot of technical issues here it did not contextualise the strategic value of entering into an agreement with VLS, and if you look at the signatories on that second page 298, it is Burger and Ntshepe, okay so a week before this letter was amended and brought to me they had already proposed to themselves that this is what they're going to bring to me.

ADV LEAH GCABASHE SC: But the important point as I read the last paragraph on page 298 is that again they were talking about a memorandum of understanding not a memorandum of agreement.

MR RIAZ SALOOJEE: It's not a memorandum of agreement. Then if you turn the
20 page you will find that there is a memorandum of agreement and not a memorandum of understanding which was signed by Stephan Burger.

ADV LEAH GCABASHE SC: It is on page 300.

MR RIAZ SALOOJEE: On the 8th of May. So on the 8th of May DLS, Stephan Burger and VR Laser and the CEO at that point in VR Laser is P van der Merwe signed this agreement regularising the agreement or the relationship between Denel Land Systems

and VR Laser.

ADV LEAH GCABASHE SC: Mr Saloojee if you go to page 307 which is the signature page just have a look at the date that this agreement ...(intervention)

MR RIAZ SALOOJEE: It's actually the 19th of May.

ADV LEAH GCABASHE SC: Thank you.

MR RIAZ SALOOJEE: So this was a whole month after the initial letter was sent to me where we had given them the authorisation to enter into an MOU, and this was signed off at Divisional level, it was not signed off at my level or at the Group level.

ADV LEAH GCABASHE SC: Now we go to page 312.

10 **MR RIAZ SALOOJEE:** So what is interesting Chair is that if you go to 312 this is well after my departure and suspension in December of that year VR Laser and Denel Vehicle Systems which was the new name of the LSSA, VIE Systems so this was in December 2015, they then under Burger again and DLS signed an – well not Burger, the new CEO of Denel Vehicle Systems, Johan Steyn, signed a similar agreement with VR Laser for a different entity of Denel so what it shows is that the relationship with VR Laser continued well after my suspension.

ADV LEAH GCABASHE SC: And when you say similar here just underscoring the point that this is a completely different agreement but it's a mirror image of the provisions of the other one.

20 **MR RIAZ SALOOJEE:** If you read it Advocate Gcabashe it's almost exactly the same, so it was a cut and paste exercise, except it was with a different entity of Denel.

ADV LEAH GCABASHE SC: Yes.

MR RIAZ SALOOJEE: So if we continue ...(intervention)

ADV LEAH GCABASHE SC: Yes we are back at page 18 of your statement.

MR RIAZ SALOOJEE: So as I indicated that that was the process we had gone

through and I have taken you through the different documents to show what was the chronological order in which this was done, now remember this is 2015 when they signed this agreement, towards the end of 2015 Chair, it was then coming to June 2015 and July when the AGM was supposed to take place, okay, I had already ensconced myself in preparing for the AGM because it is a huge process, together with the company secretary and the CFO, (indistinct) we are primarily responsible for preparing the documentation for the board pack and the AGM and the report that you have seen there, and that occupies your time probably for two months prior to the meeting, so whilst we were preparing for this and preparing for the end of the term of the new
10 board, old board, expecting a new board to come in these activities were going on, so that was in May of 2015. I must also just say that I have mentioned something else which is of some relevance, Advocate Gcabashe can I go ahead with it?

ADV LEAH GCABASHE SC: Please do.

MR RIAZ SALOOJEE: Okay, and this was quite strange to me that whilst all of this was going on I had a few interactions and phone calls from the Deputy Minister of Public Enterprise as well, Bulelani Magwanishe, enquiring as to whether this agreement with VR Laser had been signed, okay, and there again I said to him I can only sign off on that letter if it has been recommended to me through the process by the DLS Management okay, and I did not put a lot of store by it because he often used to ask
20 about what's happening with the business and whatever else, but it is noteworthy that there was specific mention of this particular agreement again.

ADV LEAH GCABASHE SC: But was it usual for a Deputy Minister, or even a Minister to have an interest in a specific agreement that Denel was entering, was that normal?

MR RIAZ SALOOJEE: No it wasn't normal for a specific agreement.

ADV LEAH GCABASHE SC: And you're saying that he constantly called you, how

many – just estimate how many telephone calls you would have received from the Deputy Minister?

MR RIAZ SALOOJEE: Over that period because Chair it took a long time for us to conclude that initial letter that I had signed off on. And that took – and that was I think part of the frustration because I said that unless you come with a proper justification there is no way that you can go ahead with this thing okay. So it took almost two months to six weeks for them to finally come to a position where they could come and present something. And it was over that period I would imagine once every two weeks or so. It was once every two weeks he used to phone.

10 **ADV LEAH GCABASHE SC:** And just on this particular topic or would he also explore other matters that Denel was busy with? I am talking about these specific telephone calls now.

MR RIAZ SALOOJEE: No there were because I mean he is also responsible for overseeing the corporate Social Responsibility programmes and Transformation programmes in the organisation and yes included in that discussion was about what progress we were making with other issues with regards specifically to his interest in corporate social responsibility helping communities, helping schools, disadvantaged schools and whatever else.

20 **MR RIAZ SALOOJEE:** I am curious was the transaction with VR Laser considered to be a BBEEE whatever?

MR RIAZ SALOOJEE: No it was not.

ADV LEAH GCABASHE SC: Transaction?

MR RIAZ SALOOJEE: Chair it was not.

ADV LEAH GCABASHE SC: Was Essa's company VR Laser as it then was constituted considered to be a ...

MR RIAZ SALOOJEE: No Chair it was not.

ADV LEAH GCABASHE SC: No wait let me finish. Considered to be an entity that required the application of the BBBEEE criteria?

MR RIAZ SALOOJEE: No it was not.

ADV LEAH GCABASHE SC: Okay and you have – you were assured of that when you discussed these matters with your executives? That they were not considering it to be one of those companies that needed to be given some kind of a leg up only because they had been part of a disadvantaged group of business people?

MR RIAZ SALOOJEE: No it would have been part of the normal procurement process
10 in terms of what score they had with regard to the BEE card and whatever else. It was not that it was specifically said or identified as a target for corporate social responsibility.

ADV LEAH GCABASHE SC: Continue.

MR RIAZ SALOOJEE: Okay so I dealt with all of this and at this point I had immersed myself in preparing for the AGM, the incoming new board and from this point onwards Chair I think it is important to note that come May 2015 Nchepe then became the primary driver with Essa and whatever. I had stopped any contact with them.

ADV LEAH GCABASHE SC: I would also just like you to briefly explain the signature of a memorandum of agreement in circumstances where the MOU was still
20 outstanding? I mean you had given them a particular task and yet they went beyond the task you had given them?

MR RIAZ SALOOJEE: I mean it is...

ADV LEAH GCABASHE SC: And went to the next level.

MR RIAZ SALOOJEE: They had to. I mean it was a contradiction in terms of the process itself.

ADV LEAH GCABASHE SC: Continue you are at 82.

MR RIAZ SALOOJEE: So now here is the issue.

CHAIRPERSON: Just one second. Thank you, you may proceed Ms Gcabashe.

ADV LEAH GCABASHE SC: Thank you Chairman.

MR RIAZ SALOOJEE: Thank you Chair.

ADV LEAH GCABASHE SC: Mr Saloojee you were explaining.

MR RIAZ SALOOJEE: Chair so now here is – here is where things become interesting and a bit complicated well not complicated it becomes clear as – complicated clear if I want to put it that way. As I had indicated earlier the blacklisting in India from a judicial
10 perspective were lifted in late 2014 but we could not continue doing business there until all the paperwork and administrative instruments were put in place so that – that we could then officially start doing business in India again. But it was coming to that point in any event. I think Advocate Gcabashe said that the administrative process was concluded ...

ADV LEAH GCABASHE SC: The criminal investigation was concluded in 2014.

MR RIAZ SALOOJEE: 2014 and then that...

ADV LEAH GCABASHE SC: And South Africa was cleared.

MR RIAZ SALOOJEE: Yes.

ADV LEAH GCABASHE SC: At the end of that criminal investigation.

20 **MR RIAZ SALOOJEE:** Yes. So and I have not been talking to Nchepe about VR Laser Essa or anything throughout this period okay because my focus was now away from this matter. But in June of 2015 Nchepe comes to me on his own and he says he would like to talk to me about Asia. And he says he believes and is convinced that VR Laser is the ideal partner for Denel to establish a footprint in Asia Pacific okay. And also specifically to open the Indian market after the unbanning or lifting of the blacklisting.

And he also indicated that this was the intention of Essa and the Gupta's as a business proposal to Denel.

ADV LEAH GCABASHE SC: Now again Mr Saloojee was this a formal or an informal report? I mean did he approach you and say I have got documentation etcetera, etcetera in support of this proposal?

MR RIAZ SALOOJEE: No Chair. It was a discussion he requested with me an informal discussion over a weekend and he came to see me at my house to discuss it with me.

ADV LEAH GCABASHE SC: What was the purpose of that approach to you? What
10 was he trying to say to you or what authority was he trying to get from you?

MR RIAZ SALOOJEE: My own view is that I think if he had got my support for that the old board's term was coming to an end the new board was coming and if I had agreed he was going to take that proposal formally then to the new board as one of the first action items for the new board to consider. I mean that Chair.

CHAIRPERSON: You say if you had supported the idea

MR RIAZ SALOOJEE: Ja.

CHAIRPERSON: You think that he would have taken that to the old board before the new board came in or ...

MR RIAZ SALOOJEE: No he would not have taken it.

20 **CHAIRPERSON:** Or he would...

MR RIAZ SALOOJEE: I would have been surprised.

CHAIRPERSON: Or he would take it to the new board.

MR RIAZ SALOOJEE: He would take it to the new board.

CHAIRPERSON: Okay. Okay.

MR RIAZ SALOOJEE: Because he obviously knew something about what was going

to transpire. [Indistinct] transpired after my suspension and we do not obviously go into the whole Denel Asia thing but it is well documented what happened there. I think the Minister of Public Enterprises the current Minister had addressed it in his testimony as well. After Essa transpired after my suspension the joint venture between Denel and VR Laser was established but was not given formal approval by Treasury and the Finance Department to go ahead with it. But at that meeting when he came to him I said to him in no uncertain terms and categorically...

ADV LEAH GCABASHE SC: Him being Nchepe?

MR RIAZ SALOOJEE: Nchepe.

10 **MR RIAZ SALOOJEE:** Thank you.

MR RIAZ SALOOJEE: That this would not happen and he must convey this in no uncertain terms to Essa as well. Chair if I may indulge? It became quite a heated argument and I actually do not want to use the language but I swore at him to just go away.

CHAIRPERSON: Between the two of you?

MR RIAZ SALOOJEE: Yes.

CHAIRPERSON: On that occasion?

MR RIAZ SALOOJEE: On that occasion.

CHAIRPERSON: Because he was – was he quite adamant he was pushing?

20 **MR RIAZ SALOOJEE:** Yes I mean ...

CHAIRPERSON: This idea?

MR RIAZ SALOOJEE: You know and I said to him nobody in their – okay I do not want to use the language

CHAIRPERSON: Ja.

MR RIAZ SALOOJEE: But the fact is that I told him that it is not going to be

acceptable and is really – it is a no go area.

CHAIRPERSON: Yes okay.

MR RIAZ SALOOJEE: And I told him to convey this to Essa in no uncertain terms as well.

CHAIRPERSON: This is June now 2015?

MR RIAZ SALOOJEE: Yes middle of June 2015.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: And the new board is coming in in July the 24th the following month.

10 **CHAIRPERSON**: And as at the time of this meeting between yourself and Mr Nchepe was it known that the old board what yesterday was referred to as the 2011 board the old board was not going to continue was at that stage.

MR RIAZ SALOOJEE: Chair I believe at that point there were already discussions and people had informed us that there will be a new board that was coming in.

CHAIRPERSON: Okay.

MR RIAZ SALOOJEE: And if I recall properly there was interaction between the previous chairperson of the board.

CHAIRPERSON: Yes.

20 **MR RIAZ SALOOJEE**: Martie Janse Van Rensburg and the Minister about this particular issue in terms of the renewal of the board.

CHAIRPERSON: Okay.

MR RIAZ SALOOJEE: I think she alluded to it in her testimony as well.

CHAIRPERSON: Yes. Okay.

MR RIAZ SALOOJEE: So then he went away – and even at that point I knew for a fact that the old board there was no decision either at the executive level or at the board

level to establish any kind of presence in Asia.

ADV LEAH GCABASHE SC: It was not part of your corporate plan, it was not part of your strategy?

MR RIAZ SALOOJEE: If – Advocate Gcabashe if you go through all the documents that you have seen the corporate plan and the business plan and the strategy it has not been mentioned in any of those documents.

ADV LEAH GCABASHE SC: So on what basis did Mr Nchepe think that he could come to you with a proposal that was not backed by paper, by any analysis, by any data of any kind?

10 **MR RIAZ SALOOJEE:** Chair I think he wanted to sound me out and if I had said yes then they would have started going through the formal process I think in preparation for the new board when it came in.

CHAIRPERSON: Okay so he did not want to bother to do all the paperwork on it to find out later that you did not support the whole idea so he wanted to establish if you would be in support and then work on paperwork thereafter.

MR RIAZ SALOOJEE: Absolutely Chair. And I think that was a defining moment in what happened to myself and my colleagues Elizabeth Africa and Fikile Mhlontle.

CHAIRPERSON: Now...

20 **MR RIAZ SALOOJEE:** We were at this point were extremely diligent and amazing in terms of the support that they had given me in terms of preparing. I mean they were professional, they were on the ball with all the level and the quality of the inputs for the board preparation, the AGM documents, the board packs and I have to at this point also say without them it would have been very difficult to manage from my position that whole process.

CHAIRPERSON: Yes. Yes your two colleagues who were ultimately suspended with

you.

MR RIAZ SALOOJEE: Absolutely they were sterling really.

CHAIRPERSON: Yes, yes.

MR RIAZ SALOOJEE: So...

CHAIRPERSON: So you parted with Mr Nchepe on the clear understanding that the two of you were too far apart on this issue. You were opposed and he wanted it and you were opposed?

MR RIAZ SALOOJEE: Absolutely. Absolute Chair and there was no question of debating this issue because I was the Group CEO and I said to him very clearly that
10 this is not going to happen okay.

CHAIRPERSON: Now ordinarily and you might not have had any experience of this ordinarily if an idea such as this one of Denel Asia had come about in circumstances where it was not part of any corporate plan that was existing what would have been done if it was – if the aim was to incorporate it and to pursue it?

MR RIAZ SALOOJEE: Chair first of all it would have had to go through a...

CHAIRPERSON: In terms of process.

MR RIAZ SALOOJEE: Process yes. So it would be part of our strategic planning process that we normally do when we look at markets and where we want to do business. We would identify it as a geopolitical region where we want to do business.
20 There had to be an analysis by the people who work in business development because we do have analysts there who go and identify through open sources, through their own intelligence, through their own information what are the programmes and in which countries and again in the countries that we can work with legally obviously because South Africa has a regime which says that it is only in these countries that you can work. So in South East Asia for example we will not able to work in Myanmar for

example okay. So they would then come and present to the business development executive in this instance for example Nchepe if it fitted in with their vision and strategy of building the business going forward he would then come and bring it to the EXCO. The EXCO would debate it and discuss and if we had agreed we would say okay go ahead and explore it. And then he would come back and say I have explored it and I believe these are the entities that we should be working with and this is the rationale and logic behind why we should work with these entities. Whether it is a local entity based in South Africa and an international entity based in the country or the target country. Now here is the interesting thing. Denel and that is my firm view would never
10 have used a local company in South Africa to do business outside of its borders because normally we would partner with companies that are located and based in those countries.

CHAIRPERSON: Who would know the situation there.

MR RIAZ SALOOJEE: Who would know the situation, who are indigenous to that country okay. So it just did not make sense and that was – that was my response.

CHAIRPERSON: So if you had been supportive of the idea when Mr Nchepe approached you in June ultimately that is the process that would have been followed that you have just outlined?

MR RIAZ SALOOJEE: The process would have been followed and if I believed in the
20 business case.

CHAIRPERSON: Yes, yes.

MR RIAZ SALOOJEE: I would have myself taken it and supported it okay.

CHAIRPERSON: Yes, yes, yes. But it would have taken quite a long period before you actually – the work that would have had to be done and the process that would have had to be followed would have meant quite some time that it would take before you

could you know get to the signing of agreements and looking at actually implementing anything.

MR RIAZ SALOOJEE: You correct Chair. I mean these processes I – do not take place overnight I mean it is months of preparation firstly and in this instance it would have had to go through the entire governance process of DPE again like we did with the LLSA transafaction.

CHAIRPERSON: YEs.

MR RIAZ SALOOJEE: It would have been go, DPE, it would have had to go to Treasury, to finance.

10 **CHAIRPERSON:** Yes.

MR RIAZ SALOOJEE: It would have had to go through all the processes and come back down.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: With an approval or no approval.

CHAIRPERSON: Yes.

20 **MR RIAZ SALOOJEE:** Because it was based on the business case. If there was no business case or a clear specific numbers which were quantified what investment was required? How you were going to fund this initiative? Who were the partners and what was the due diligence done? I mean it was a whole spectrum of things that you had to go through.

CHAIRPERSON: What is your estimate of how many months it probably would have taken?

MR RIAZ SALOOJEE: Because this was a joint venture and not an acquisition

CHAIRPERSON: Ja.

MR RIAZ SALOOJEE: It probably could have taken anything from eight months

upwards.

CHAIRPERSON: Okay. Thank you.

MR RIAZ SALOOJEE: So that was then the end of my discussions around this particular matter and then things obviously changed completely because we were busy with the appointment of the new board in July 2015. The Denel's existing board's tenure was coming to an end and there was from what we were told a process underway to appoint a new board.

ADV LEAH GCABASHE SC: Did you have any ideas to who had been nominated to sit on the new board?

10 **MR RIAZ SALOOJEE**: Not at that point.

ADV LEAH GCABASHE SC: There was no talking – the Denel corridors about the people who they thought might be your new board of directors?

MR RIAZ SALOOJEE: Not that it came to my personal knowledge but I think rumours were flying about the fact that it will be a new board. Okay it will not be the old board.

ADV LEAH GCABASHE SC: Yes.

MR RIAZ SALOOJEE: So

CHAIRPERSON: Yes.

20 **MR RIAZ SALOOJEE**: So in early July okay the 23 July is the AGM where the old board is thanked by the Minister for what they have done and she thanked them profusely about the good job that they have done and whatever else and then she announced the new board. But just before that process happened okay Nchepe comes to me and says to me, Essa wants me to meet the new chairperson of the new board the incoming chairperson.

ADV LEAH GCABASHE SC: This is – aha yes continue.

CHAIRPERSON: Well I thought you wanted to ask a certain question?

ADV LEAH GCABASHE SC: I was going to Chairman but I thought I should allow him to give his evidence without prompting him.

CHAIRPERSON: Ja okay, alright, yes.

MR RIAZ SALOOJEE: Okay. And by this time even though it was not made public because it was already late in July we had already been informed who the members of the new board were going to be.

CHAIRPERSON: Oh you had been informed already?

MR RIAZ SALOOJEE: Ja because it was very close to the AGM.

CHAIRPERSON: Yes.

10 **MR RIAZ SALOOJEE:** Because Elizabeth Africa, the company secretary had to start preparing the documentation.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: Because you cannot have a new board coming in and no signatory authorisations, no resolution, no...

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: No mandate to sign resolutions or anything of that sort so she was given the names of the new board okay.

CHAIRPERSON: Yes. I think the – I think Ms Janse Van Rensburg if I can remember correctly said the AGM was on the 23 July?

20 **ADV LEAH GCABASHE SC:** That is correct Chairman.

CHAIRPERSON: 23 July.

ADV LEAH GCABASHE SC: And then the induction of the new board was on the 24 July.

CHAIRPERSON: Ja the following day. So I am just mentioning that so that as you tell us the time lines you see whether you are in agreement with that.

MR RIAZ SALOOJEE: So yes Chair. So just before the AGM and that is sometime in early July by the time that we had already been told who the new board was Nchepe comes to me and he says to me that Essa has asked to meet with me in order to introduce me to the new chairperson of the board.

So yes Chair. So just before the AGM and that is sometime in early July by the time that we had already been told who the new board was Nchepe comes to me and he says to me that Essa has asked to meet with me in order to introduce me to the new chairperson of the board.

CHAIRPERSON: So this is a time when you within Denel have been informed who the new – who the members of the new board are but it has not been publicly announced?
10

MR RIAZ SALOOJEE: It has not been publicly announced Chair that is correct.

CHAIRPERSON: Okay alright.

ADV LEAH GCABASHE SC: Did you not find it strange that Mr Nchepe would be the person who has come to tell you that he would like to take you to the new chairman of the board.

MR RIAZ SALOOJEE: Chair because at this point he was the person who was driving that relationship. He was the – I had nothing to do with that.

CHAIRPERSON: But I may have misunderstood I thought your evidence was that Mr Nchepe said Mr Essa would like to introduce the new chairperson or the chairperson of the new board to you. In other words my understanding is this it is not like it was Mr Nchepe's idea that you should meet the new chairperson I thought he was a messenger.
20

MR RIAZ SALOOJEE: No Chair maybe I – we misunderstood one another.

CHAIRPERSON: Ja. Yes.

MR RIAZ SALOOJEE: Nchepe had asked that Essa had asked me to attend the meeting to introduce me to the new chairperson.

CHAIRPERSON: Yes no I think that was my understanding.

MR RIAZ SALOOJEE: Yes.

CHAIRPERSON: So in effect Mr Nchepe had been sent by Mr Essa to ask you to go and meet – have a meeting where he that is Mr Essa would introduce the chairperson of the new board to you?

MR RIAZ SALOOJEE: Precisely.

CHAIRPERSON: Okay alright.

ADV LEAH GCABASHE SC: In fact I must apologise. I got the names mixed up Chairman.

10 **CHAIRPERSON**: Oh okay.

ADV LEAH GCABASHE SC: So the way you have reframed it is correct.

CHAIRPERSON: Yes, yes.

ADV LEAH GCABASHE SC: But I will still ask the question but using the correct names this time. Is it not strange or was it not strange to you at the time that Mr Essa who had nothing to do with Denel other than that he was a shareholder in VR Laser would be the person who now is wanting to introduce you to your new chairman. You know the same people introduced you to your new Minister now you have him introducing you to your new chairman strange coincidence.

20 **MR RIAZ SALOOJEE**: Advocate Gcabashe you absolutely right. I mean I was perplexed at some level and I was – I was angry actually that this could happen again.

CHAIRPERSON: Well he introduced you to your political principle Mr Gigaba. He introduced you to the former President's son and he introduced you to the Gupta family as I understand it although you might have I do not know bumped into some of them in public places and now he wanted to introduce you to the chairperson of the new board.

CHAIRPERSON: Yes Chair.

CHAIRPERSON: That is the sequence.

MR RIAZ SALOOJEE: Absolutely.

CHAIRPERSON: Ja okay.

ADV LEAH GCABASHE SC: Would it – or I should rephrase that. Did it not cross your mind that you should just call Mr Mantsha directly and say oh you going to be my new chairman can we have a cup of coffee? And just avoid the Essa issue completely.

MR RIAZ SALOOJEE: Well I too – I could respond in two ways Advocate Gcabashe. The one is that when he says I have got to come and meet with the incoming chairperson there is obviously an agreement that the chairperson has aqueous to this
10 meeting. And the second thing is that he is the new chairperson. If I was going to work with him I cannot start off on the footing where I pick up the phone and say to him I have got this thing but I do not think – I mean it was a personal choice I made to say that I have to go and see this new chairperson.

ADV LEAH GCABASHE SC: Yes.

CHAIRPERSON: Did oh did you add – you have not finished?

MR RIAZ SALOOJEE: No I am finished?

CHAIRPERSON: You finished. What did you make of the fact that from what you were told by Mr Nchepe you did used that the chairperson of the new board was agreeable to you being introduced to him by Mr Essa?

20 **MR RIAZ SALOOJEE**: There is only one explanation Chairperson is that they had an understanding.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: So like I say just before the AGM and just before the induction of the new board on the 24 July I think it was maybe a week of two before that I met with Essa and Nchepe and the new chairman Mantsha in Melrose out there J B Rivers

okay. So – and I remember it very clearly because it was a Saturday morning it was freezing cold because it was in July so it was – it stood out in my memory but at that meeting Essa introduced me to Mantsha I introduced myself to him and he asked me to give him a quick overview of Denel and what is going on. It was literally a ten minute overview and when I was finished with that I said to him very, very specifically when I had concluded that any work again that has to be done with Denel must done with due process. As I said it specifically for the benefit of Essa who was there.

CHAIRPERSON: To indicate that your stance was not going – well had not changed?

MR RIAZ SALOOJEE: Yes absolutely and now if you see in my statement what I have
10 said to him very specifically is that you as the new chairperson you have got to protect Denel and you have got to protect me. Because we want to do business in the right way. I need to concentrate on building the business, making it sustainable, making it profitable and I cannot have undue influence and interference in the business of this nature. And I said to him

CHAIRPERSON: You said this to

MR RIAZ SALOOJEE: Ja.

CHAIRPERSON: At the meeting?

MR RIAZ SALOOJEE: At the meeting. And he confirmed to me that he was exactly of the same view.

20 **CHAIRPERSON:** That is Mr Mantsha?

MR RIAZ SALOOJEE: Yes.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: And that he supported me a hundred percent in terms of the fact that I need to concentrate and he will deal with other issues.

CHAIRPERSON: Ja and were you relieved to hear that?

MR RIAZ SALOOJEE: And I said this is welcome. But at the same time Chair I have to say I was sceptical because there was Essa right there.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: So you know I mean.

CHAIRPERSON: Yes and you knew you had had some interactions with him?

MR RIAZ SALOOJEE: So I mean it was clear to me at that point that I do not think – in fact not much would change it would get worse.

ADV LEAH GCABASHE SC: Can I ask you this? Did Mr Essa make any contribution at all to the discussions at that meeting?

10 **MR RIAZ SALOOJEE:** No Chair he just – the only thing he did was to introduce me to the new chairman.

ADV LEAH GCABASHE SC: What about Mr Nchepe?

MR RIAZ SALOOJEE: Nobody I did the talking. And I said to the chairman, the new incoming chairman that this is what I think your approach should be and this is what I would expect from you as the chairman coming in.

ADV LEAH GCABASHE SC: You did not ask the chairman why he did not phone you directly? Say Mr Chairman you could have called me I would happily have taken your call.

MR RIAZ SALOOJEE: No Chair I did not. I did not.

20 **ADV LEAH GCABASHE SC:** Because then that cuts out the middle man.

MR RIAZ SALOOJEE: It would have yes Advocate Gcabashe.

CHAIRPERSON: And how long did that meeting take?

ADV LEAH GCABASHE SC: Please continue.

MR RIAZ SALOOJEE: Probably because I had given the briefing for about ten, fifteen minutes then I spoke to him in terms of what I have just said for another ten minutes or

so so probably about half an hour, forty minutes or so.

CHAIRPERSON: Ja. Ja. And in your own mind did you conclude anything about why it was important that 1. You be introduced to the chairperson of the new board by Mr Essa. 2. At this venue where this happened? Did you form any view as to what was at play here in that context?

MR RIAZ SALOOJEE: Chair I must say that after the meeting my mind was in a state of flurry I mean it was going all over the place because of a number of things. The one it was clear that the appointment in this instance of the chairperson was a continuation of what was taking place or trying to take place and if this new board came it would
10 complete that cycle of wanting to then dominate that space completely. It was also, I mean I also for the first time thought to myself if I can continue in this vane, you know, and I could see that things were coming to a head because Ntshepe now had his own relationship. The fact that he was bringing messages constantly to me from Essa with regard to VR Laser Asia with the meeting here with this Chairman. So it did occur to me that there was a fundamental shift that is taking place at Denel now.

ADV LEAH GCABASHE SC: Can I ask you this? There is a report of course by amaBhungane. It is in EXHIBIT W5B at page 135 that says that.

CHAIRPERSON: At what page?

ADV LEAH GCABASHE SC: Page 1, I beg your pardon Chairman. It is 215. There
20 are two numbers there, but the one we are using is 215.

CHAIRPERSON: That is.

ADV LEAH GCABASHE SC: EXHIBIT W5.

CHAIRPERSON: W4B.

ADV LEAH GCABASHE SC: Five, Chairman, it is the reference file.

CHAIRPERSON: Oh.

ADV LEAH GCABASHE SC: And B.

CHAIRPERSON: Page 21?

ADV LEAH GCABASHE SC: 215 Chairman.

CHAIRPERSON: Thank you.

ADV LEAH GCABASHE SC: And.

CHAIRPERSON: Yes.

ADV LEAH GCABASHE SC: Are you at page 215.

MR RIAZ SALOOJEE: Yes.

ADV LEAH GCABASHE SC: Paginated with the top number.

10 **MR RIAZ SALOOJEE:** 215?

ADV LEAH GCABASHE SC: 215, sir paragraph 4. It says that you were warned that you would be pushed out. Now.

MR RIAZ SALOOJEE: Sorry, Advocate Gcabashe. I have got 215 here.

ADV LEAH GCABASHE SC: EXHIBIT.

CHAIRPERSON: Let us check if you have got the right.

ADV LEAH GCABASHE SC: EXHIBIT.

CHAIRPERSON: File.

ADV LEAH GCABASHE SC: Five, you are number four, but five is the reference.

MR RIAZ SALOOJEE: I have got 5B here.

20 **ADV LEAH GCABASHE SC:** Excellent.

MR RIAZ SALOOJEE: *Ja*.

ADV LEAH GCABASHE SC: Then you will find it.

MR RIAZ SALOOJEE: *Ja*.

ADV LEAH GCABASHE SC: If you go up to page 215, below it there is another number 135, but right to the top there is the number 215.

CHAIRPERSON: So there are two numbers on the right hand corner, top corner, but look at the first one from the top. It is 215.

ADV LEAH GCABASHE SC: Ref file 215.

MR RIAZ SALOOJEE: Okay, *ja* I have got it, yes.

ADV LEAH GCABASHE SC: Here it is said that you had been warned that you were going to be pushed out and that the warning allegedly came from Denel Board Member Nkopane Sparks Motseki etcetera. The question really is in what you were considering in all the things that were happening what compounded this possibly was the fact that you had heard that your days were numbered anyway. People did not want you in

10 Denel. Would this be correct?

MR RIAZ SALOOJEE: Advocate Gcabashe you are absolute, Chair I think the Company Secretary even though I come from the military. Sometimes she has a better ability to gather information and she had specifically said to me that she had heard in fact she had heard from Mr Motseki that this new Board when it comes in that my days specifically were numbered and that it also included Mr Mhlontla at that point.

CHAIRPERSON: And.

MR RIAZ SALOOJEE: But, sorry Chair if I may just.

CHAIRPERSON: Hm.

MR RIAZ SALOOJEE: I mean there was always speculation about when the new
20 Board comes in how is it going to deal with the Executives based on what has happened in the past and at the back of my mind I was not surprised when a rumour like that was doing the rounds of the corridor.

CHAIRPERSON: Just repeat that. There was always what?

MR RIAZ SALOOJEE: No, I am saying that there was always with all the things that had transpired.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: And specifically with towards the end.

CHAIRPERSON: Towards the end of the term of the old Board?

MR RIAZ SALOOJEE: The old Board.

CHAIRPERSON: Ja.

MR RIAZ SALOOJEE: And I also know that it was difficult for whoever whether it was Essa or the Guptas to get rid of me.

CHAIRPERSON: I see.

MR RIAZ SALOOJEE: As long as the old Board was there,

10 **CHAIRPERSON:** Because [intervenes].

MR RIAZ SALOOJEE: The old Board had supported me 100 percent.

CHAIRPERSON: Yes, okay.

MR RIAZ SALOOJEE: So as long as that Board was in place.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: It would have been very difficult for them to justify getting rid of me.

CHAIRPERSON: Oh.

20 **MR RIAZ SALOOJEE:** And that is why it took much longer. Earlier you had mentioned that when the threat was made to Themba Maseko he took three months and then they got rid of him. With me it took much longer precisely because that Board was in place.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: So if they needed to get rid of me they need to get rid of the Board as well.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: Because I not believe that the old Board would have

countenance them wanting to get rid of me.

CHAIRPERSON: Yes, especially in the light of the performance of the company under your leadership?

MR RIAZ SALOOJEE: Yes Chair.

CHAIRPERSON: That we heard about yesterday, *ja*.

MR RIAZ SALOOJEE: So Chair, just.

CHAIRPERSON: Okay, but let us go back to what you say the Company Secretary told you.

MR RIAZ SALOOJEE: So the Company Secretary I mean she is, and she said very
10 specifically that she was informed by Mr Motseki that this new Board is going to come in and some of the Executives and specifically myself and Mhlontla.

CHAIRPERSON: Hm.

MR RIAZ SALOOJEE: Would not survive this new Board.

CHAIRPERSON: Okay and how long in relation to or how long before the new Board came in was it when you, when she told you that?

MR RIAZ SALOOJEE: It was like probably a week, two weeks before that.

CHAIRPERSON: Okay.

ADV LEAH GCABASHE SC: In fact the report on the same page Mr Saloojee, the
20 third paragraph from the bottom says that you were suspended three months later for unspecified infractions.

MR RIAZ SALOOJEE: *Ja*, just close that one.

ADV LEAH GCABASHE SC: But that is fine. So it is somewhere between two weeks and three.

MR RIAZ SALOOJEE: *Ja*.

ADV LEAH GCABASHE SC: I am simply saying that is what the report is saying. You

may well be right in saying about two weeks. I am just pointing out that they say three months later [intervenes].

MR RIAZ SALOOJEE: Well they must have had some sources Chair which had given them information to the effect that it was way in advance of what I am saying.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: So that there had already been some premeditated view on what was going to happen.

ADV LEAH GCABASHE SC: So looking at the timeframe it would probably have been around June that Elizabeth Africa got that telephone call or that message, because then
10 it would have been July, August, September you were out. Three months later.

MR RIAZ SALOOJEE: Yes.

ADV LEAH GCABASHE SC: You were out of the system. You were suspended. Yes, but please continue. We are just going to summarise what you have at paragraph 92.

MR RIAZ SALOOJEE: So the next, *ja* we are at 92 now.

ADV LEAH GCABASHE SC: Yes.

MR RIAZ SALOOJEE: So here Chair you had asked me earlier what was my impression, I .mean, and I had given

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: A very clear view that it was to continue the process of making
20 an intervention into Denel. When I say intervention you could interchange that with state capture if you want to.

CHAIRPERSON: Did you at any stage prior to the new Board come in and after you had had your first interactions with Mr Essa did you at any stage become aware of any attempts that may have been made to approach the Board or some Members of the Board that is now the old Board to see whether they would agree to certain things just

like some people like you were being approached to discuss certain things?

MR RIAZ SALOOJEE: Not, Chair not to my knowledge.

CHAIRPERSON: Nothing ever came to your attention along those lines?

MR RIAZ SALOOJEE: No.

CHAIRPERSON: Okay.

MR RIAZ SALOOJEE: So.

ADV LEAH GCABASHE SC: Please continue.

MR RIAZ SALOOJEE: So the next significant thing was the meeting of the Denel AGM on 23 July. At this meeting Brown thanked the outgoing Board and announced the
10 appointment of the new Board and for the purpose of interest I think it is important that we note that some of the composition of the new Board because it is pertinent to what we are discussing here today. From the previous Board there was only one individual who was retained on the new Board and that was Johannes Sparks Motseki.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: Who, Advocate Gcabashe has just said was the one who had informed Elizabeth Africa about the fact that we were going to be gotten rid of.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: In addition to that which was also strange, because I mean there was no real value add from my perspective of Mr Motseki to the Board.
20 Throughout the tenure that he had with the previous Board.

CHAIRPERSON: Well I was about to ask what your experience was of him at meetings of the Board over the time that you had been there.

MR RIAZ SALOOJEE: No, I mean my experience was that there was no fundamental or substantive contribution and if you look at some of the other appointees, I am not going through all of them, but just out of note there was amongst others

Thamsanqa Msomi who was Minister Gigaba's legal advisor and Chief of Staff. Tuyame Mahumapelo who was the brother of the Premier of the North West. Refiloe Mokoena who is now the suspended legal head of SARS. So these were some of the people who had been appointed to the new Board including of course Daniel Mantsha. So that all went off well. Well, well in the sense that the old Board was thanked. They left and she announced on the 24th was the induction of the new Board whereby Brown convened the meeting and presented her strategic intent statement. It was not fundamentally different from what you see in the report. It just said continue with the good work. She is very proud of Denel. Denel is one of the best, 10 is the best performing SOE. We have met significantly most of our targets in terms of the shareholders compact and she only had good things to say. If I recall in her oral presentation she said very clearly to that Board that was coming in do not interfere in the Executive Management and operations of this company. She made mention of it.

CHAIRPERSON: And of course you did testify earlier on or is it something that or maybe I think it is something that I read to which you are still going to come, *ja* okay.

ADV LEAH GCABASHE SC: Might I just point out Mr Saloojee that one of your annexures deals precisely with that. The address by the Minister to the Board on 24 July 2015. That is the new Board when they came in.

MR RIAZ SALOOJEE: Yes.

20 **ADV LEAH GCABASHE SC:** So you, it is something that you may want to deal with. Just very briefly as you [intervenes].

MR RIAZ SALOOJEE: Chair that is the strategic intent statement and essentially it was just reconfirming the grown path and Denel was and that we should continue on that path. When I got there to encapsulate Denel's new strategy I coined the term "From Good to Great", okay and that was the motto of Denel throughout the years that I

was there and it is what I had introduced into the company. I said at the point at which I came it was just becoming a good company, but we needed to take it to a great company and in that induction of the new Board she said we must continue on that path of going from good to great. So it was not anything fundamentally or mind-blowingly new in terms of what she had said to them.

ADV LEAH GCABASHE SC: But can I ask you just to pause for a minute to reflect on a proposition I want to put to you? The MOI at Clause 18 stipulates that the Audit and Risk Committee is appointed by the Minister but the Board must propose first who should be members of that Committee. So the Board proposes, the Minister appoints.

10 Now what happened on 24 July when the Minister met with the new Board? Has she appointed an Audit and Risk Committee? Now that again seems a bit of a malalignment, because the Board as a Board would not have had the opportunity to sit and decide on who was best suited for the role of member of the Audit and Risk Committee. Because you have been a member of that Board, because you have been a member of other Boards was this a regular way of doing things?

MR RIAZ SALOOJEE: Chair, I mean, as I said in paragraph 95 at the meeting of the 24th the induction the Minister announced the composition of the Audit Risk and Committee which was Ms Mpho Kgomongoe, Mr Thamsanqa Msomi, Mr Tuyame Mahumapelo and Ms Khumbudzo Ntshavheni. So as the MOI says and

20 Advocate Gcabashe is completely right, is that when both Committees are appointed there is one Committee that requires the shareholder's approval and that is the Audit and Risk Committee. The other Committees do not, the Social and Ethics Committee and the Personnel and Remuneration Committee do not need an explicit approval from the shareholder, but again the process from my understanding of the MOI is that the Board deliberates and they choose amongst themselves who they think is best suited

for; it is then taken to the Minister for approval. It is not as if the Minister says that I have appointed this Board and one, two, three will be Audit Committee Members. So, and I say again I stand to be corrected, but that is my interpretation and here at this meeting she had already announced the Audit and Risk Committee before the full Board could apply its mind.

ADV LEAH GCABASHE SC: So this was an anomaly really, because the Board as a Board had not sat yet?

MR RIAZ SALOOJEE: From my understanding it had not fully convened yet. So that.

CHAIRPERSON: So, but the process that the proposal must come from the Board for
10 this Committee of the composition of this Committee that comes from what document or what instrument?

ADV LEAH GCABASHE SC: Chairman if I might be of assistance.

CHAIRPERSON: Hm.

ADV LEAH GCABASHE SC: So we are looking at EXHIBIT W5A which is again a reference bundle and we are at page 35 of that reference bundle and the clause is right at the bottom, Clause 18 Audit and Risk Committee.

CHAIRPERSON: Yes.

ADV LEAH GCABASHE SC: “The Board shall propose and the
shareholder shall appoint an Audit and Risk Committee.”

20 Etcetera.

MR RIAZ SALOOJEE: So Chair if I may that is exactly the process that should have been followed but was not.

CHAIRPERSON: Yes, but what document, what instrument is this?

ADV LEAH GCABASHE SC: This is the Memorandum of Incorporation for Denel
Chair.

CHAIRPERSON: Of the company?

ADV LEAH GCABASHE SC: Yes and the front page.

CHAIRPERSON: Yes.

ADV LEAH GCABASHE SC: Is on page 2.

CHAIRPERSON: Yes, okay.

ADV LEAH GCABASHE SC: Of that bundle.

CHAIRPERSON: Okay. So now we know what the process was that was supposed to be followed before the Committee was appointed and what you have said is that that process did not happen in regard to the Audit and Risk Committee of the 2015 Board?

10 **MR RIAZ SALOOJEE:** Yes Chair.

CHAIRPERSON: Because the appointment was announced before the Board could propose names?

MR RIAZ SALOOJEE: Yes Chair.

CHAIRPERSON: Okay, thank you.

ADV LEAH GCABASHE SC: Chairman.

CHAIRPERSON: Can we take a comfort? I think members of the journalists, journalism profession the media are also feeling that there should be a comfort break. My own Registrar also was indicating earlier on that it would be most welcome. There is a second. I think we should take some comfort break. We, but let us talk about
20 where we are and we want to be by the time we finish. Now I know what we, the two of us discussed here at the hearing yesterday about trying to finish today and we did not want to take chances. I looked at the two Part 1 and Part 2 of the statements or the two statements. It seems to me that it might not be possible to finish today, I am not sure, but I certainly am prepared to sit longer at least up to five, but I was thinking that if we have not finished by then we might have to talk about whether we can, whether

Mr Saloojee could come back on Friday. So maybe we should talk about that at half past four or are you able to say something now [indistinct].

ADV LEAH GCABASHE SC: Chairman that is an incentive to finish to finish at 5 o'clock, but I believe that we can work on something because all the evidence you have heard.

CHAIRPERSON: *Ja.*

ADV LEAH GCABASHE SC: They relate to Part 2.

CHAIRPERSON: Yes.

ADV LEAH GCABASHE SC: So it is easy to synthesise the evidence.

10 **CHAIRPERSON:** Yes.

ADV LEAH GCABASHE SC: In Part 2.

CHAIRPERSON: Yes. You think we may finish?

ADV LEAH GCABASHE SC: I believe we can finish by 5 o'clock.

CHAIRPERSON: Okay. No that is fine. I wanted to have an idea what this situation is and I see you have secondment from Mr Bham.

MR AZHAR BHAM: Mr Chair can I just say this that I am going to speak to Advocate Gcabashe now.

MR RIAZ SALOOJEE: Yes.

MR AZHAR BHAM: I have made note of eight points.

20 **CHAIRPERSON:** Yes.

MR AZHAR BHAM: Which I think will cover the essence of Part B.

CHAIRPERSON: Okay, yes.

MR AZHAR BHAM: Advocate Gcabashe will lead that.

MR RIAZ SALOOJEE: *Ja.*

MR AZHAR BHAM: In my view.

CHAIRPERSON: We can finish.

MR AZHAR BHAM: It is something that can be done in about half an hour's time.

CHAIRPERSON: Okay. No that is fine.

MR AZHAR BHAM: But we will discuss it now.

CHAIRPERSON: Okay. No that is fine.

ADV LEAH GCABASHE SC: [Intervenes].

CHAIRPERSON: Mr Saloojee you are happy for us to go up to 5 o' clock at least?

MR RIAZ SALOOJEE: Yes Chair.

CHAIRPERSON: Okay. No that is fine. We will take just a comfort break. Shall we
10 revert at, okay maybe let us say at 4 o' clock. So it gives us 15 minutes. We will
resume at 4 o' clock. We adjourn.

REGISTRAR: All rise.

INQUIRY ADJOURNS

INQUIRY RESUMES

CHAIRPERSON: You may proceed Ms Gcabashe.

ADV LEAH GCABASHE SC: Thank you Chairman. Mr Saloojee are you ready, we
are almost done with part one.

CHAIRPERSON: And the desire that we finish by five?

ADV LEAH GCABASHE SC: I believe it can be executed.

20 **CHAIRPERSON:** Should not mean that we don't do justice to his evidence in terms of
what is still left, so we must still do justice and I may be able to stay beyond five if need
be, so let's carry on and just make sure that everything is done properly nevertheless.
Okay.

ADV LEAH GCABASHE SC: Will do Chairman. Mr Saloojee we just finished dealing
with the appointment of the Audit and Risk Committee and the matters that you have

dealt with on page 22. You may want to start at paragraph 96 which is the early September reference – paragraph 96 on page 22, you need to switch your mic on.

MR RIAZ SALOOJEE: Chairperson, so we obviously have gone through the 24th of July meeting which was the induction of the new Board and then it was trying to stabilise the business continue as if the new Board is in place that business continuity must be there, we go on as normal but sometime in early September 2015, this is after the induction of the new Board and the new Chairperson is in place...(intervention).

CHAIRPERSON: Yes would this have been before the new Board's first meeting?

MR RIAZ SALOOJEE: Yes.

10 **CHAIRPERSON**: Okay.

MR RIAZ SALOOJEE: So which is normal, I mean CEO or GCO's of companies often get a call from the Chairperson of the Board to say, come and brief me about this and it could be at very short notice, that's the manner in which these things operate. So I get a call from him early in September 2015, from Mantsha, the Chairperson of the Board, he says he requested a briefing, he did not specify what briefing from me on some issues and that I must drive from Denel in Pretoria/Centurion and most likely the meeting will take place in his offices, I think he said it was in Bryanston. So, I mean, I left the Denel campus in Centurion and I was on my way to Johannesburg, he said he would give me directions as I'm closer to Johannesburg where to come to his office but
20 as I was approaching Johannesburg he called me and he said – he directed me again to the Gupta residence. Of course when he did this, I was not surprised because now I knew what was going on. So when I got there it was him, Tony Gupta...(intervention).

CHAIRPERSON: Almost every meeting that I've been told about involving Government officials or Ministers with the Gupta family – almost every meeting takes place in their residence in terms of those that I've heard about in this Commission so far. So this one

too...(intervention).

MR RIAZ SALOOJEE: Like is said Chair, it didn't surprise me even – so at the meeting were Tony Gupta, Essa and of course Mantsha. What I found interesting is that the only topic of conversation which was led by Tony Gupta was that they were interested in buying LMT – Landward Mobile Technologies which is a subsidiary of Denel. I was amazed because they've already been involved in – with VR Laser there's been an issue about Denel Asia and now they want to buy Landward Mobile Technologies. In essence trying to consolidate the vehicle capability around themselves locally. And as I said I had to look into this matter – I indicate again that a
10 transaction of this nature, particularly because it was a sell-off is even more complicated because it has to have even more measures to ensure that the governance processes are in place, again due diligences both technical, legal, financial. It has to go through the complete approval process, it has to go to the Competition Commission, it has to go to the Public Enterprises Minister too and I said it would take some time. It would have to go through several processes and that was it, I was quite surprised because that was the only topic of discussion that they wanted to buy LMT.

ADV LEAH GCABASHE SC: What was Mr Mantsha's role at this meeting?

MR RIAZ SALOOJEE: All he said to me was that, when the meeting ended, he said that I must go and look into the matter and I must revert back to him on it.

20 **CHAIRPERSON:** Did it appear to you – did you get to understand why that meeting couldn't have taken place in his offices rather than the Gupta residence?

MR RIAZ SALOOJEE: The impression I got is that when I got there he was already having meetings with them there and I was just joining at the tail end of something else.

CHAIRPERSON: Yes, okay.

ADV LEAH GCABASHE SC: Yes continue.

MR RIAZ SALOOJEE: But by then it was – when I left that meeting, okay, I mean it was clear in my mind that either this was not going to happen it's just not possible, given all the things that have proceeded where we are, new Board, the Denel Asia story, I mean it was just, the reputation issues, there was no way that something like this was going to happen...(intervention).

CHAIRPERSON: Of course this being 2015 about two years earlier, 2013 there had been the landing of the aircraft at Waterkloof, those are all things that would have been known to you as they were known in the public domain.

MR RIAZ SALOOJEE: You're completely right Chair, so I mean, it was – the situation
10 was just becoming untenable, really it was – and I realised, you know, for the first time after I walked out of that meeting is that this is now – it's the final leg of something going to happen because that's the impression I got, it was what we call in the air force environment "the last finals", it was ...

ADV LEAH GCABASHE SC: But tell me, Mr Saloojee back at paragraph 98, why didn't you simply say, we don't do things this way at Denel, Mr Chairman. What you said was, and I'm reading from paragraph 98, you say you indicated that this would take time and that such a transaction would have to go through several processes. What stopped you from saying what you know you had in your mind, your normal constant refrain, you call it, proper regular conduct?

20 **MR RIAZ SALOOJEE:** Chair, as I've indicated in my statement here, that I indicated that it would take time and such a transaction would have to go through several processes. I knew if it had gone through those processes there was no way it would pass muster, that's the first thing. The second thing is that I have said there, in the last sentence of my statement that I personally had no intention of doing so.

ADV LEAH GCABASHE SC: So this was a diplomatic answer?

MR RIAZ SALOOJEE: Absolutely.

ADV LEAH GCABASHE SC: Yes, please continue.

MR RIAZ SALOOJEE: So then under – I'm probably going to skip some of this because I think we've – otherwise we're not going to meet your deadline...(intervention).

CHAIRPERSON: Just remember that I said in the end we must do justice to your evidence, so we strike a balance, Ms Gcabashe you wanted to say something.

ADV LEAH GCABASHE SC: Yes, Chairman, I was going to ask, Mr Saloojee did you
10 meeting?

MR RIAZ SALOOJEE: Not at all.

ADV LEAH GCABASHE SC: Yes please continue.

MR RIAZ SALOOJEE: Well not only did I not – Chair not only did I not revert back but I had instituted no processes to even start the process, of course then I was suspended in September so it was a mood point.

CHAIRPERSON: Yes okay.

MR RIAZ SALOOJEE: So very quickly, I mean, I think – so they had scheduled a – well we had scheduled a quarterly meeting for the 10th of – their very first Board meeting, the new Board on the 10th of July, so it was less than a month.

20 **ADV LEAH GCABASHE SC:** Where was this meeting held?

MR RIAZ SALOOJEE: This meeting was held at Denel Land Systems again.

ADV LEAH GCABASHE SC: Yes that's the Stephan Burger's outfit – well he headed that division.

MR RIAZ SALOOJEE: Stephan Burger's outfit.

ADV LEAH GCABASHE SC: Didn't you find it curious that or was there a reason that

you went across to Stephan Burger's outfit?

MR RIAZ SALOOJEE: Well the thing is that we normally rotate the Board meetings and people offer but in this instance he was the first one to put his hand up so he got the chance to host the meeting. With hindsight Chair, I'm not sure whether it was planned that way but in any event I can't comment on that but – on the 9th of September the Audit and Risk Committee called a special Audit Committee specifically to look into the LLSA deal. They asked for all the documentation, they asked for the presentations, Mhlontlo and myself and Africa gave them the presentations and every single document that was pertinent to that transaction right from the pre-documentation, pre-notification that went to Public Enterprises and then to Treasury to Public Enterprises approval, PFMA approval, Treasury approval, Reserve Bank approval, Competition Commission approval, every single step of the process was documented and given to them. I'm not going to delve too much in that because it is well documented and I think...(intervention).

CHAIRPERSON: Yes that's fine and the previous Board had approved that.

MR RIAZ SALOOJEE: Absolutely, under the Chairmanship of a Committee of the previous Chairperson and I think the previous Chairperson Martie Janse Van Rensburg spoke to this particular issue. So suffice to say that from our perspective we had followed every single legal process. So I'm not going to go into – but they kept on harping on about this particular transaction, which was strange because from every single thing that we were doing in Denel for the past four – three/four years this was the issue that they had latched onto. The Board convened its first Board meeting on the 10th of September, as usual I gave the executive report, Mhlontlo gave the financial report, Wessels gave the Operations report and it was basically the quarterly report where we describe the performance of that quarter, whether we've met budget for that

quarter and whether we're going to see the projections going to the end of the year, whether they're going to be in line with what the plan was and of course discussing the status of some of the key strategic projects that we were executing at that point. So it's an important meeting because it gives the Board an opportunity to interrogate the performance of the executive and the performance of the organisation in terms of its mandate. So to our surprise it was – there was not much discussion on the report itself, okay, what was discussed was, again, the issue of Asia okay, amongst (no audio from 13.25 to 13.44). So at that Board meeting the Board – the new Board, which you would have expected, because none of them had the experience of what we were doing

10 would have interrogated in more depth the executive report but they didn't and a lot of discussion took place around the Asia issue and what is the plan for Asia but the meeting had said very specifically – and of course some of the LLSA issues were also discussed there.

So the two key issues for me there, amongst other things was the Asia issue and the LLSA issue. So where they expressed dissatisfaction with some aspects of the LLSA transaction, but not in depth as well and then on the Asia issue they had asked that we need to look into, expeditiously, the setting up of a presence in Asia. So I had indicated to the Board at that point at the Board meeting of the 10th of September, again we had to go through a proper analysis, the blacklisting had just been lifted, we have to

20 develop and generate a strategy and an implementation plan that will speak to the business case and the whole thing and that it will take a while and it is a process and when we are finished with that process and I'll have consulted with the executives who are responsible, I will come back to the Board and present them with a plan. In terms of timelines, I could not say but I said it could take some time.

CHAIRPERSON: And this had been your stance to the knowledge of, at least Mr Essa

and the Gupta family for a few years now, coming from the second meeting with them, is that right or am I mistaken in terms of saying due process is important, proper processes must be followed, it had been a few years since your second meeting at the Gupta family isn't it?

MR RIAZ SALOOJEE: Yes Chair and this was normal standard procedure in the organisation. If the Board wanted something done I had to take it through the normal process of the organisation. So as I said this – I think the issue of Asia was specifically also to look at how the Indian market could be opened and I think that was really the target of this whole initiative, you know, that's my view.

10 **CHAIRPERSON:** And how did the Board meeting – how did that issue – what was the final decision of the Board on that issue if any decision was taken as to what should happen next in regard to it, after you had expressed the views that you had expressed?

MR RIAZ SALOOJEE: Chair after I had indicated to the Board that this was what I will intervene – the intervention that we'll make, we'll do the analysis we'll develop a strategy and implementation plan, a business case for getting into that region and then come and present it okay. You've seen my document, I said my view in terms of how they responded and in terms of their body language they were palpably unhappy with my response but no further discussion took place.

CHAIRPERSON: Yes okay did Mr Mantsha, as Chairperson, engage you on that
20 saying that he had raised that at some meeting isn't it...(intervention).

MR RIAZ SALOOJEE: You mean the issue of Asia.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: No he was one of the participants in that discussion at the Board meeting.

CHAIRPERSON: Yes but what I'm saying is you expressed your view which I think – it

wasn't for the first time that he was hearing it but did he engage you further on your views?

MR RIAZ SALOOJEE: No Chair.

CHAIRPERSON: Okay thank you.

MR RIAZ SALOOJEE: I must say, one of the issues which I think is important to note is that prior to the meeting the entire executive was asked to leave their cell phones outside in the locker okay, which is not normal practice, we have never done that before, I mean, people go into these meetings they put it on silent and the Board – there's not – the previous Board that I was with have never instituted that kind of action

10 and of course this is, as I say, it's not normal practice.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: So just to fast-track it a bit in terms of the timeline, this is after the Board meeting – immediately after the Board meeting on the 14th of September we are in...(intervention).

CHAIRPERSON: I'm sorry was it only the executives that were asked to leave their phones outside other members of the Board were not, or you don't know?

MR RIAZ SALOOJEE: Chair, I think it was everybody.

CHAIRPERSON: It was everybody okay thank you.

MR RIAZ SALOOJEE: So in the second week of September, the 14th to the 19th we –
20 Denel often gets invited to defence exhibitions internationally, where we go and exhibit, sometimes with DTI and the rest of the industry in South Africa to showcase our technologies and meet with customers – potential customers, new business and it's normal practice in the industry okay and it's also normal practice that we invite the Minister if the Minister is available and she will come with her entourage, some of her officials and also because it was normal practice that we take – we invite the

Chairperson of the Board to come as well so they can see how we've been performing, they can – there's some credibility in the reporting that we are doing with regard to our activities. So we invited Minister Brown the Chairman Daniel Mantsha to come and accompany us onto the trip and so we went. At the – in London, before the show, as is normal practice as well I convened a briefing session for whoever the dignitaries are there in this case the Chairman of the Board and the Minister, to give them a briefing about what is the programme, who will they be meeting, essentially what the four days or three days that we are going to be there, what it will entail in terms of the programme and some of the issues that they should take note of but before that meeting

10 commenced in the morning, it was in a small little meeting room, maybe a boardroom that takes about 15 people. There was a coffee station and I was standing next to the coffee station with Minister Brown having coffee with her and she indicated to me there verbally at that point, that she had instructed some of her officials to start the paperwork to extend my contract by another five years because she was so happy with my performance and those were the exact words that she used and I was very pleased I said thank you Minister, I really appreciate your confidence and whatever else and we left it at that.

CHAIRPERSON: Well that may have also, apart from whatever view she took of your performance it may also have been influenced by the fact that according to the

20 Chairperson of the 2011 Board, the old Board, that Board had, or she had written to the Minister – the new Minister, Minister Brown and they, as a Board, they had decided to request her or suggest that your contract be extended because they were so happy with your performance.

MR RIAZ SALOOJEE: And that, I mean obviously I was very pleased with her comment to me, I was upbeat and looking forward to going back and engaging in this

process but once we were there, also, and I'll speed it up a bit, Mantsha says to me that he's been talking to the Audit and Risk Committee back home in South Africa while we're in London and they are still extremely unhappy with the LLSA transaction and they believe they are not getting enough information. So I said, that's not possible Mhlontlo in Africa are very diligent and they've assured me that they've given every single piece of information, so that the Audit and Risk Committee can make an informed decision about what actually happened with that transaction...(intervention).

ADV LEAH GCABASHE SC: But Mr Saloojee can I just get a bit of clarity on this because you say Mantsha again informed me. When they first asked for all the LLSA
10 documents, that was to inform themselves, it wasn't because they had a complaint, wasn't this the first time he was indicating to you that the Audit and Risk Committee actually had a – were unhappy about what you had done and how you had dealt with that transaction, just clarify that?

MR RIAZ SALOOJEE: No Chair, because prior to that, even at the previous Board meeting he had indicated to me that there was unhappiness from the Audit and Risk Committee with this transaction, so in London he just reconfirmed that they were still unhappy with this transaction.

ADV LEAH GCABASHE SC: So by the 10th of September they had already managed to assimilate the documentation that they had then furnished with and come to a
20 position where they were unhappy with you?

MR RIAZ SALOOJEE: Chair I said they had convened a special Audit and Risk Committee meeting on the 9th of September, the day before the Board meeting where all of this was presented to them and even at that meeting they'd expressed reservations about this transaction, notwithstanding the fact that we'd given them every single piece of information that they had required.

CHAIRPERSON: But the unhappiness at that stage, as you understood the position on the part of this committee was unhappiness with the transaction as opposed to unhappiness with them not being given every document or information that they may have asked for.

MR RIAZ SALOOJEE: From what I understand Chair, they claimed, for example, Africa's charge sheet, they claim that she withheld information from them.

CHAIRPERSON: Okay that is now on the 9th?

MR RIAZ SALOOJEE: No, no when – subsequently we were suspended one of the things that they alleged against her was that she had kept information from them which
10 is not true and I know that...(intervention).

CHAIRPERSON: No, no we know that I just want to get the sequence right, was it in London when you went with – Mr Mantsha says the Risk and Audit Committee is unhappy and as I understand your evidence he says they think or they say that they've not been given all the information they've asked for and then Ms Gcabashe then asked you a question for clarification and I understood you to say previously unhappiness had been expressed and I wasn't sure whether it had been expressed by the Board or by Mr Mantsha or by this committee but when you talked about that, it seemed that you were saying they were unhappy with the transaction which I thought may be different from being unhappy about not being furnished with all the documents they wanted. So I'm
20 trying to see how many incidents of unhappiness they were expressed and what they were about.

MR RIAZ SALOOJEE: Chair, my own view is when I look at the line of questioning it was a combination of both.

CHAIRPERSON: Okay and now – as at the 9th of September?

MR RIAZ SALOOJEE: Yes.

CHAIRPERSON: Okay.

MR RIAZ SALOOJEE: Yes it was saying that, was this transaction actually necessary and was it strategic and on the other hand did we follow due process.

CHAIRPERSON: Okay thank you. So you are in London now and Mr Mantsha articulates this unhappiness again and you say, your two colleagues would have provided all the information okay, then you can proceed.

MR RIAZ SALOOJEE: And of course he said the acquisition was concluded in April with all the – I mean I went through the whole process again with him. I think what is critical here is that the strategic value of that transaction, I don't think the new Board
10 really understood the strategic importance of this and located it within that context of the defence review and the Defence Force's requirement to regain strategic capabilities back into the Defence Force. This was a strategic capability because they were manufacturing the armoured heavy vehicles of the Defence Force which is a strategic capability, it should never – if in a country you produce that level of equipment you do not take that and sell it to a foreign company because there's no security of supply, firstly, you are not in control of that technology. So it was a desirable thing, not only from Denel perspective but more specifically from a SANDF perspective that, that capability comes back from a British owned company back into South African hands. So when we gave them all this information obviously they were not happy and I
20 genuinely believe that their unhappiness was just a ruse to create a context and a pretext within which they could get rid of the three of us going forward and that's exactly what transpired in the next affidavit and I've got some concluding remarks there Advocate Gcabashe, I don't know if you want me to deal with some of those.

ADV LEAH GCABASHE SC: I actually would like you to because as information becomes available there appears to have been some kind of scheme at Denel,

somebody designed a scheme to take over certain functions or certain – buy certain assets or acquire certain assets and I think that plan of action falls within paragraphs 115 to 119 of your submission.

MR RIAZ SALOOJEE: So Chair, if you look at my concluding remarks, what I've said is that during this period that I've described to you, I knew I had the support of the old Board but if I went to the old Board it would have created huge disruption within the organisation. If I had rejected the advances and the summons to come and interact with the Gupta family and Essa, I do genuinely believe that it would have harmed Denel and it would have also had a detrimental effect on me personally. So I must say it was
10 as a very traumatic and difficult period that entire time but I was also fully aware that I could not turn away from my responsibility in protecting Denel as well and of course in terms of the political principals I also, at some level thought that there was an obligation, not an obligation as such but because of the fact that their presence in some of these interactions with them, that I was obliged to attend some of these interactions. I was preoccupied with building Denel and it was a very stressful period of my life and I also witnessed what was transpiring at other SOC's and I think that's the important point that I want to make here, is this *modus operandi*, this methodology of state capture was unfolding and had already started to unfold in many other instances and Denel was not exempt from this, Denel was a target of state capture undoubtedly.

20 **CHAIRPERSON**: Yes.

MR RIAZ SALOOJEE: And if they had to continue with that process of state capture there was a very clear evident way in which this was being done. Is that you have a head a political head that is compliant. You appoint a board that is willing to aqueous and you influence an executive to do what you want them to do or you replace them. And in many instances this is exactly what happened and Denel is a classic case of

what has happened. I am convinced today that it can be used as a model of how state capture unfolded in this country. What I am clear notwithstanding the pressures and notwithstanding the issues that I have raised that I have done everything that was within my ability to protect Denel but not only protect Denel but to take it from a position where it was not a sustainable organisation to something that could have become a shining example of what we could do in this country with some of the SOC's that have been undergoing a difficult period. So I was aware that at some point and I had I was completely copus mentus about the fact that at some point if I did not aqueous and do what I now know I should have been doing for them who knows what the consequences

10 of that. But I do believe I was got rid of because of the fact that I stood in the way of what their ultimate objective was. And if you look at the events that subsequently happened at Denel and as it unfolded and the demise of Denel hat is exactly what happened.

ADV LEAH GCABASHE SC: And Elizabeth Africa and Fikle Mhlontlo were also gotten rid of for exactly the same reason they stood in the way of what others wanted to do at Denel?

MR RIAZ SALOOJEE: Chair – Advocate Gcabashe – Chair I also have to just say that both Africa and Mhlontlo were outstanding in their support of myself as a Group CEO and that they had played a very important role in helping me to keep this intervention at

20 bay and at many points they were the gatekeepers to me as well you know. And I must use this opportunity to thank them as well for the role that they have played and they paid a heavy price for it. And I know both Mhlontlo and Africa and myself as well I mean we were unemployed for a period okay. Some of us are still unemployed. But the fact of the matter is that that is the price we paid for this.

ADV LEAH GCABASHE SC: So there is a huge human and emotional cost really that

came with these suspensioin?

MR RIAZ SALOOJEE: Absolutely Chair. I mean in my case I was suspended for almost a year and a half without any kind of employment. So Advocate Gcabashe I do not know if you want me to take you through Part 2 I think we have a plan.

ADV LEAH GCABASHE SC: I believe I will take you through Part 2.

MR RIAZ SALOOJEE: Sorry my apologies.

ADV LEAH GCABASHE SC: No, no only because with the assistance of Advocate Bham.

CHAIRPERSON: Yes that is fine.

10 **ADV LEAH GCABASHE SC:** DCJ there is actually method in what we have decided to do.

CHAIRPERSON: Yes.

ADV LEAH GCABASHE SC: And it is really just to highlight the most important aspects.

CHAIRPERSON: Yes.

ADV LEAH GCABASHE SC: That fit into this background.

CHAIRPERSON: That is fine.

ADV LEAH GCABASHE SC: That we have dealing with all the time.

CHAIRPERSON: That is fine ja.

20 **ADV LEAH GCABASHE SC:** The most important document which we will ask you to read when you have the time to Chairman is of course the statement that runs from page 29 of Exhibit W4A so it is from page 29 through to page 51. But we actually just going to highlight the most...

CHAIRPERSON: I have read it.

ADV LEAH GCABASHE SC: Oh excellent. So we are just going to highlight the most

important portions of that.

CHAIRPERSON: Ja but part of my – of the reason why I was saying we must still do justice to his evidence is that is not just about me and us. There are people listening and it is important that they should follow at least the gist of the issues.

ADV LEAH GCABASHE SC: I believe Saloojee is so eloquent that he is going to be able to explain. This is his story.

CHAIRPERSON: Yes.

ADV LEAH GCABASHE SC: And he will – and his and his colleagues' story and I believe he will be able to explain it quite succinctly. .

10 **CHAIRPERSON**: Yes that is fine. And I have read it. It would be quite easy for him to tell what happened to him because that is what it is about.

ADV LEAH GCABASHE SC: Indeed so.

CHAIRPERSON: And of course it has got to be looked at in the context of as he was saying in the context of what happened to certain people in other SOE's yes okay.

ADV LEAH GCABASHE SC: Yes thank you Chairman. Mr Saloojee please take File – Exhibit W4B. We are going to run through some of the correspondence that illustrates the thinking behind getting rid of you and what ultimately transpired and the reasons that were ultimately given which reasons were not the same ones that you were given on day 1 when you were suspended. So if you could look at Annexure RS7 which is on
20 page 355. RS7 on page 355. Can you briefly tell the Chairman what this letter is?

MR RIAZ SALOOJEE: RS7. Advocate Gcabashe I assume Chair that you have read the document that the circumstances around the three days of our suspension was also quite chaotic and how that happened. It was just...

CHAIRPERSON: Yes you know sometimes there are certain nuances that are important so feel free to tell the story in a way that you are also satisfied.

MR RIAZ SALOOJEE: If I may just take...

CHAIRPERSON: Ja.

MR RIAZ SALOOJEE: Even less than a minute. It was – so we come back from London on the Saturday the 19th.

CHAIRPERSON: After you had been told the Minister she was very happy with your performance?

MR RIAZ SALOOJEE: Exactly. On Monday I go to work as normal, we are all there. We were summonsed to a meeting by the Audit and Risk Committee on Tuesday morning. We were asked individually the three of us Mhlontlo, Africa and myself to give
10 oral presentation as to why we should not be suspended over this transaction.

ADV LEAH GCABASHE SC: Over the LSSA transaction?

MR RIAZ SALOOJEE: Over the LSSA. This is on Tuesday.

CHAIRPERSON: Now this is at what forum now?

MR RIAZ SALOOJEE: At the Audit and Risk Committee.

CHAIRPERSON: Risk and Audit Committee yes okay.

ADV LEAH GCABASHE SC: What is the date of this letter that you received? The letter on page 355?

MR RIAZ SALOOJEE: The 22 September.

ADV LEAH GCABASHE SC: So that is the day of the meeting?

20 **MR RIAZ SALOOJEE:** This is at the meeting.

ADV LEAH GCABASHE SC: Yes.

MR RIAZ SALOOJEE: That they have presented us with this letter. So – and they say we must give them reasons why we should not be suspended.

ADV LEAH GCABASHE SC: That was very short notice was it not? I mean..

MR RIAZ SALOOJEE: I mean we had not any pre-notification of the fact that this was

going to be discussed at the meeting.

CHAIRPERSON: I am sorry Ms Gcabashe I thought you said Exhibit W

ADV LEAH GCABASHE SC: 4B.

CHAIRPERSON: Oh I have got 5B.

ADV LEAH GCABASHE SC: No sorry Chair.

CHAIRPERSON: Okay. No that is fine continue.

ADV LEAH GCABASHE SC: 355 Chairman.

CHAIRPERSON: Thank you.

MR RIAZ SALOOJEE: So after we give the oral submissions and we individually
10 asked to come into the room we all of us without having consulted with one another the
three of us the accused in this instance have said that we have done absolutely nothing
wrong. There is paper trail and an audit trail that can show that we have done nothing
wrong and there is no reason for us to be suspended.

CHAIRPERSON: Just hand on one second. You are not told that here is something on
the basis of which it is thought that you – there may be grounds to suspend you and
can you say why you should not be suspended. You are just told you must say why you
should not be suspended?

MR RIAZ SALOOJEE: Yes.

CHAIRPERSON: And you are not given any factual basis.

20 **MR RIAZ SALOOJEE**: No.

CHAIRPERSON: That you need to deal with?

MR RIAZ SALOOJEE: Chair after they said that because of our breach – there is a
verbal exchange that is taking place

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: So that they had indicated we breached the PFMA with

[indistinct]

CHAIRPERSON: Oh okay they say that ja.

ADV LEAH GCABASHE SC: Mr Saloojee you may want to refer to page – to paragraph 3 of that letter of the 22nd which expresses the opinion of the Audit and Risk Committee.

MR RIAZ SALOOJEE: So then they present us with this letter at that meeting okay. And this letter then highlights what are the things that we have allegedly contravened okay.

CHAIRPERSON: Yes.

10 **MR RIAZ SALOOJEE**: So I mean I think we can – do you want me to go through the whole thing?

ADV LEAH GCABASHE SC: No I think if we then go to page 366. And again at paragraph 3 that encapsulates the essence of what you are saying here where you say we requested a fair and reasonable opportunity? Just speak to that fair and reasonable opportunity?

MR RIAZ SALOOJEE: So at that meeting we then wrote a response on the 25 September okay.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: So – but this is after we were suspended.

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

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: So the Audit and Risk Committee at that 22nd said that by 1500 on the 23rd we must furnish them with a response to why we should not be suspended. We wrote a letter to them to say that this – it is ridiculous the time line for such serious allegations there is no way that we need time for our legal people to advise us on how

we need to respond to these allegations okay. So they had given us 24 hours to do this. But in that same letter they had indicated that we must come an Audit and Risk Committee meeting at five o'clock that same afternoon. So we arrived there at five o'clock that on the 23rd the night that we were suspended. The Audit and Risk Committee was there. They again asked us Mantsha was there as well for a short while. We were brought in individually with the exception of Africa. I went in first.

ADV LEAH GCABASHE SC: Can you just pause there. However when you went in to be interviewed by the Audit and Risk Committee was the chairman still there?

MR RIAZ SALOOJEE: In the evening meeting?

10 **ADV LEAH GCABASHE SC:** In the evening meeting?

MR RIAZ SALOOJEE: Yes and then he...

ADV LEAH GCABASHE SC: He was there during those interviews?

MR RIAZ SALOOJEE: Just – no just during the introductory part and then he left.

ADV LEAH GCABASHE SC: Thank you.

MR RIAZ SALOOJEE: Okay. So it was not the fully constituted board meeting. It was Audit and Risk Committee again I read out the statement which I had sent to them the day before as to why I think I should not be suspended okay. Notwithstanding that Mhlontlo also went and read out his statement which was exactly the same statement to say this is why – they did not invite Africa into the meeting. They then asked us to
20 recuse ourselves and they continued deliberations of the Audit and Risk Committee with a few other board members including Mantsha until about ten in the evening when the other non-Audit and Risk Committee members – board members left, Mantsha also left. We were called in individually again into the Audit and Risk Committee now this is about ten o'clock at night, in the evening. And we were told that they have considered what our representations were. They have deliberated as a board which was not true

because it was not a fully constituted board and that they have resolved to offer us a three month package and we must resign immediately. There and then that evening. Or we must be suspended. Okay. Now of course the fact of the matter is that both Mhlontlo and myself and Africa rejected that completely out of hand. And then they took the decision to suspend us immediately. So within less than six weeks of them taking over the new board less than two months of the new board coming in without any kind of real in-depth understanding and investigation of what happened during that transaction they saw fit to suspend us okay. And then of course...

ADV LEAH GCABASHE SC: In fact Elizabeth Africa was not even interviewed?

10 **MR RIAZ SALOOJEE:** She was not.

ADV LEAH GCABASHE SC: And yet she was suspended?

MR RIAZ SALOOJEE: Yes.

ADV LEAH GCABASHE SC: If you then go page 373 where you find RS10. This is what you would call your suspension letter.

MR RIAZ SALOOJEE: Yes so this Chair this is the letter that I get from Mantsha confirming my suspension and the fact that I did not afford – I did not afford the committee an opportunity because I did not make representations I did not afford the committee to apply their minds and therefore on the basis of that they will suspend me.

ADV LEAH GCABASHE SC: If you could just read paragraph.

20 **CHAIRPERSON:** But I am sorry.

ADV LEAH GCABASHE SC: My apologies.

CHAIRPERSON: But this letter is dated 25 September your representations were dated 25 September as well as the letter that you just deal with...

MR RIAZ SALOOJEE: During the day yes

CHAIRPERSON: During the day?

MR RIAZ SALOOJEE: Yes.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: So he got those letters and in fact ...

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: At the board meeting as well.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: We made other representations as well.

CHAIRPERSON: Yes, yes. So that was – what he was saying was not true?

MR RIAZ SALOOJEE: Yes absolutely.

10 **CHAIRPERSON**: Ja okay.

ADV LEAH GCABASHE SC: If you then just highlight paragraph 4 and paragraph 6.5 of that letter for the Chairman?

MR RIAZ SALOOJEE: So it says Chair

“That you failed to provide reasons for the Chairperson of the Audit and Risk Committee on or before 1500 on the 23 September 2015 as to why the Audit and Risk Committee should not recommend to the board your suspension. You thus deprived yourself and the committee of an opportunity to consider your views.”

20 Now I mean we had written Chair to the Audit and Risk Committee to say that within the period that you have given us there is absolutely no way we can respond and besides we do not have the documentation which is legally due to us in order to prepare some kind of presentation to them.

CHAIRPERSON: Yes.

ADV LEAH GCABASHE SC: Then paragraph 6 over the page says the board has

considered certain things and at 6.5 if you could read that into the record?

MR RIAZ SALOOJEE:

“So the recommendations of the Audit and Risk Committee the following the board’s consideration of these matters the board resolved on the 23 September”

And again I have to point out Advocate Gcabashe it was not a properly constituted board.

10 “To suspend you as an employee on full pay for a period not exceeding three months or such other period as the board may determine pending an investigation and or disciplinary hearing into allocations of misconduct allegedly committed by you.”

ADV LEAH GCABASHE SC: And if the board had taken this decision on the 23 September why did they ask you for written representations? Then let us move onto RS14 which is on page 389. Your counsel is asking me to go page 376. RS11.

CHAIRPERSON: Do you want us to go to RS11 or RS14 at the moment?

ADV LEAH GCABASHE SC: I think we will start with RS11 Chairman.

CHAIRPERSON: Okay.

ADV LEAH GCABASHE SC: Only because I am trying avoid having Mr Bham come and stand here.

20 **CHAIRPERSON:** Okay. Okay.

MR RIAZ SALOOJEE: So can I continue?

ADV LEAH GCABASHE SC: Please do.

CHAIRPERSON: Ja.

MR RIAZ SALOOJEE: So in RS11 now this is in December.

“[We are informed that Denel has appointed Dentons Law Firm

with the assistance of Grant Thornton to conduct an investigation
into the LSSA transaction and I will conduct in that transaction.”

CHAIRPERSON: Well you have been – you were suspended by way of the letter of the
25 September from Mr Mantsha.

MR RIAZ SALOOJEE: Yes.

CHAIRPERSON: So you have – you left the premises of the company and you were
on suspension so by the time of the letter of 6 – 15 December you have been on
suspension for part of September, October, November and part of December?

MR RIAZ SALOOJEE: And the – Chair there has been communication between our
10 lawyers.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: About what the process is requesting information.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: So there is a back and flow of communication.

CHAIRPERSON: Yes yes.

MR RIAZ SALOOJEE: But the important thing is that this request, not request it was a
decision by Denel to institute an investigation into us.

CHAIRPERSON: Yes yes.

MR RIAZ SALOOJEE: And they used Dentons with the assistance of Grant Thornton.

20 **CHAIRPERSON**: Yes.

MR RIAZ SALOOJEE: And this was in – they took that decision we were informed on
the 15 December.

CHAIRPERSON: Yes.

ADV LEAH GCABASHE SC: And of course just as an aside in the meantime the
application to the Minister and to Treasury for Denel Asia to be set up is underway in

that December period because by the 10 December that was just about ready to be filed?

MR RIAZ SALOOJEE: Sorry Advocate Gcabashe I think maybe because we are slightly rushing there is a time problem here in terms of [indistinct].

CHAIRPERSON: Ja so that is why ...

MR RIAZ SALOOJEE: So can I just revert back slightly?

CHAIRPERSON: I keep on saying so let us not rush in such a way that we do do justice.

MR RIAZ SALOOJEE: So I just want to conclude that evening of our suspension Chair
10 and this is of some interest as well. On the 23rd when we were eventually suspended with immediate effect at about eleven o'clock that evening they had immediately prepared a statement which they issued that same evening which appointed Zola Kenchepe as the acting CEO.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: Okay and he was waiting in the wings for that so he obviously he was in the offices waiting to be announced as the acting CEO.

CHAIRPERSON: That is on the 25 September?

MR RIAZ SALOOJEE: On the 23rd on the evening of our suspension.

CHAIRPERSON: Yes ja okay.

20 **MR RIAZ SALOOJEE:** And they appointed the acting CFO in Mhlontlo position the CFO of LSSA who did the transaction with us he was conflicted.

CHAIRPERSON: Yes, yes.

MR RIAZ SALOOJEE: But they appointed him as the acting CFO.

CHAIRPERSON: And who was that?

MR RIAZ SALOOJEE: Odwa Mshowana.

CHAIRPERSON: Oh okay. Alright, yes.

MR RIAZ SALOOJEE: So – no the Dentons investigation actually took place around the 14 November.

ADV LEAH GCABASHE SC: But were you only notified of it on the 15 December?

MR RIAZ SALOOJEE: No, no. If you see this letter it says we have – our clients have instructed us to enquire whether the process of writing the report has been concluded.

ADV LEAH GCABASHE SC: Completed.

MR RIAZ SALOOJEE: We have been informed by our clients that the investigators indicated that the conclusion of the meeting that the transcript of the investigation
10 meeting...

CHAIRPERSON: I am sorry, I am sorry. My RS11 seems to have one page without the signature of the author of the letter.

MR RIAZ SALOOJEE: Chair sorry if I could help?

CHAIRPERSON: Is that?

MR RIAZ SALOOJEE: That is – it is meant to be only one page because I could not find the other page.

CHAIRPERSON: Another page.

MR RIAZ SALOOJEE: But the important part of it is this paragraph 2.

CHAIRPERSON: Is captured in this page?

20 **MR RIAZ SALOOJEE**: Yes.

CHAIRPERSON: Okay, okay alright thank you.

MR RIAZ SALOOJEE: So essentially what it says is that Dentons had committed to giving us the transcript of the investigation after the investigation was completed and we had still not received it. So our lawyer was saying can we please have the transcripts as you had promised.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: And of course they were not forthcoming

ADV LEAH GCABASHE SC: So we will then go to RS14 on page 388 the letter itself is on page 389.

MR RIAZ SALOOJEE: Can I continue Advocate Gcabashe?

ADV LEAH GCABASHE SC: Yes please do.

MR RIAZ SALOOJEE: Chairperson this is a very important and instructive letter. In fact in a sense it came to us inadvertently because when Mhlontlo and Elizabeth when they were going through their disciplinary the lawyer had asked for a list of documents
10 to be provided to them to prepare for the disciplinary hearing which was set for the 25 January. They did not – they proved the documents but inadvertently this document came with that set of documents.

CHAIRPERSON: Yes now these were the lawyers for your colleagues? These were the lawyers who asked for this, whose lawyers?

MR RIAZ SALOOJEE: No our lawyers. We had one lawyer together.

CHAIRPERSON: Yes okay okay. For all three of you.

MR RIAZ SALOOJEE: And they asked for this list of documents from Denel.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: So that we can start preparing for the disciplinary.

20 **CHAIRPERSON:** And this letter came with the documents?

MR RIAZ SALOOJEE: So I think inadvertently this document was included without them realising it.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: But it is very instructive.

ADV LEAH GCABASHE SC: Who is the signatory of this letter?

MR RIAZ SALOOJEE: The signatory of this document Advocate Gcabashe is Daniel Mantsha Chairman of the Denel board.

ADV LEAH GCABASHE SC: Yes thank you.

CHAIRPERSON: Yes. And it is addressed to whom?

MR RIAZ SALOOJEE: To the acting company secretary of Denel.

CHAIRPERSON: Yes is it Ms Legowabe.

MR RIAZ SALOOJEE: Fortune Legowabe.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: And I think it is important maybe I read this one.

10 **CHAIRPERSON**: Ja read it.

MR RIAZ SALOOJEE: He says:

“Dear Acting Company Secretary. Re suspended CFO and GCEO. I request you to furnish us with the draft charge sheets so that we can settle as we need to have the charges served upon the suspended employees before close of business tomorrow the 18 December 215. A further request – and further request you to instruct our lawyers to draft a settlement proposal of three months payment in full and final to the three suspended employees. The letter for settlement must be delivered tomorrow together with the charge sheet and further with a letter informing them that the suspension is extended until the finalisation of the hearing.”

20

Now this is the important part Chairperson and critical.

“You are further requested to inform Dentons that their report is not accepted and request them to provide us with the report

within 30 days and kindly direct them to provide information to support the charges.”

I mean this is just inexplicable that the chairman of the board is asking the company’s secretary to tell Dentons to change the report and that the new report should support the charges against us. I mean it is...

ADV LEAH GCABASHE SC: The chairman of the board.

CHAIRPERSON: Yes.

ADV LEAH GCABASHE SC: Who is also an officer of the court?

10 **MR RIAZ SALOOJEE:** And then the – it is even more interesting. The last paragraph says: “And lastly may you recall the circulated Dentons report and make sure it is not circulated.”

ADV LEAH GCABASHE SC: Did you ever get hold of a copy of this report, this original Dentons report?

MR RIAZ SALOOJEE: We have never seen the original Dentons Report Chairperson.

CHAIRPERSON: Yes.

ADV LEAH GCABASHE SC: The commission has also tried Chairman and we have failed to get hold of the original Dentons report.

20 **CHAIRPERSON:** Well Dentons should be approached. Did the legal team approach Dentons themselves?

ADV LEAH GCABASHE SC: The investigators have been assisting us and they have tried everything.

CHAIRPERSON: Because they should – they should have kept one for themselves?

ADV LEAH GCABASHE SC: Chairman we will continue trying to get hold of it.

CHAIRPERSON: Well will you continue otherwise I am sure they will cooperate and

somebody can come and testify about their investigation and what they found and what they did with the report?

ADV LEAH GCABASHE SC: Chairman under your guidance that is what we may have to do.

CHAIRPERSON: Well they should be – I cannot see why there should be any problem. They were asked to – they were asked by Parastatal to conduct an investigation involving the CEO and CFO and they must have concluded their investigation and prepared a report and submitted it to the parastatal and certain things were expected to happen charges and there should be no problem with them coming to even if the report

10 is not there coming to testify and say what they found and what happened to the report.

ADV LEAH GCABASHE SC: We will ask the secretariat to write a letter to them.

CHAIRPERSON: Yes and I think that should be given urgent attention.

ADV LEAH GCABASHE SC: We will do that Chair.

CHAIRPERSON: Okay thank you.

MR RIAZ SALOOJEE: Can I continue?

ADV LEAH GCABASHE SC: We then go to RS19.1 which you will find on page 405.

MR RIAZ SALOOJEE: Thank you Advocate Gcabashe. Chair I just want to...

CHAIRPERSON: What page?

ADV LEAH GCABASHE SC: It is on page 405 Chairman.

20 **CHAIRPERSON:** 405?

ADV LEAH GCABASHE SC: Yes Chairman.

CHAIRPERSON: Okay. Yes.

MR RIAZ SALOOJEE: Chair if I may just on that last letter? I mean this is a damning indictment.

CHAIRPERSON: Yes the one at page 389?

MR RIAZ SALOOJEE: Yes. I mean this – it is inexplicable that something like this can happen in an organisation.

CHAIRPERSON: And I would have imagined that in the end whatever investigation was done and whatever disciplinary hearing may have taken place in the end the board would make the final decision about what should happen to the GCEO and CFO and in that context the role of any member of the board in regard to the time of the investigation may have been important so... Yes.

MR RIAZ SALOOJEE: So Chair if I may continue with 405 that is dated the 18 February. I think just in one additional item is that Denel had proposed a mediation
10 exercise in early February. We went to the mediation.

CHAIRPERSON: Well before that I was hoping that maybe the next correspondence will deal with what I wanted to ask you. With your lawyers and yourselves having become aware of this letter did you do anything or did they do anything? Did you instruct them to do anything about the letter?

MR RIAZ SALOOJEE: No Chair we did not.

CHAIRPERSON: Okay, alright. Thank you.

MR RIAZ SALOOJEE: So Denel had proposed a mediation which took place around the 8 February and it was chaired by Advocate Paul Pretorius where I made a representation to the Denel representatives, the board representatives as to why we
20 should not be suspended and that these were false allegations and I went through a lengthy document about what we believed was our position and the only correct intervention that could be made was for them to reinstitute us to our positions in Denel.

CHAIRPERSON: Reinstate you?

MR RIAZ SALOOJEE: Reinstate us yes.

CHAIRPERSON: Yes, yes.

MR RIAZ SALOOJEE: The Denel representative of the board said that their departure point was a simple one which is not negotiable that under no circumstances will we be allowed to return back to Denel.

CHAIRPERSON: But before you proceed normally before you can have a mediation there must be a dispute. Was there a dispute between yourselves and Denel or the board and if so what was the dispute that made it to be mediated?

MR RIAZ SALOOJEE: The dispute from my understanding was the fact that we were suspended and we did not agree to why we were suspended. And Denel said we were suspended because of those reasons. So the mediation was to try and come to ...

10 **CHAIRPERSON:** But they had said they would be charges is it not? That is what they had said when you were suspended?

MR RIAZ SALOOJEE: Absolutely but they had proposed a mediation.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: But there starting point in the mediation was that our return was not negotiable. So we responded by saying then our position is a simple one is that we need to be reinstated. So it failed.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: Then we get to this 18 February and again Mantsha goes to the – he goes public without having taken us a disciplinary, without any kind of final
20 outcome of this he goes to the Parliamentary Public Committee On Enterprises And Communication and he says that the officials were in breach of law and they failed to observe the legal requirements of the PFMA.

CHAIRPERSON: Is that now before the letter at page 405? Did that happen before I am trying to

MR RIAZ SALOOJEE: That is after.

CHAIRPERSON: Oh.

ADV LEAH GCABASHE SC: This is the 18th.

CHAIRPERSON: Did you finish with that letter?

MR RIAZ SALOOJEE: Oh so we...

ADV LEAH GCABASHE SC: No this is the letter at 405.

CHAIRPERSON: Oh that is where it is – you are protesting about that?

MR RIAZ SALOOJEE: Yes.

CHAIRPERSON: Okay

MR RIAZ SALOOJEE: Because he is starting to make public announcements.

10 **CHAIRPERSON**: Yes.

MR RIAZ SALOOJEE: On our guilt.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: When he has not afforded us the opportunity to go through a process.

CHAIRPERSON: Hm.

MR RIAZ SALOOJEE: And of course our lawyer is writing to him to say that this is just, it not correct and it is not ethical.

CHAIRPERSON: Yes.

ADV LEAH GCABASHE SC: You may then want to go to page 417 Annexure RS23.

20 **CHAIRPERSON**: Yes.

MR RIAZ SALOOJEE: So.

ADV LEAH GCABASHE SC: Again the salient paragraphs here are on page 418.

MR RIAZ SALOOJEE: So the important point Chair of all of this correspondence that Advocate Gcabashe is taking us through is that we have consistently, consistently have asked them to take us through a disciplinary process.

CHAIRPERSON: Hm.

MR RIAZ SALOOJEE: Okay and the correspondence bears that out.

CHAIRPERSON: Hm.

MR RIAZ SALOOJEE: So for a period of in my instance almost a year and a half. In the case of my colleagues almost six months where we have consistently said why are you not taking us through the process.

CHAIRPERSON: Hm.

MR RIAZ SALOOJEE: They just did not do that.

CHAIRPERSON: Actually as I was reading some, your statement it seemed that you
10 were actually challenging them to a disciplinary enquiry to say you suspended us because you said we have done something wrong. We are ready. We want to go to be taken to a hearing.

MR RIAZ SALOOJEE: Chair I mean if you read the charge sheet there are very serious allegations in there, okay. You would have thought that the Denel Board under the Chairmanship of Daniel Mantsha would have wanted to expedite.

CHAIRPERSON: Hm.

MR RIAZ SALOOJEE: A disciplinary process to prove that we have done something fundamentally wrong in the organisation.

CHAIRPERSON: Hm.

20 **MR RIAZ SALOOJEE:** Yet they drag their heels which if we go forward you will see what.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: It resulted in.

CHAIRPERSON: Yes.

ADV LEAH GCABASHE SC: You may want to just highlight paragraphs 6, seven and

eight at page 418.

MR RIAZ SALOOJEE: Okay. Thank you Advocate Gcabashe. Chair very quickly the point I have just made it says our lawyer is writing to them. It says:

“Our client holds the view that your client’s resistance and failure to follow a fair procedure to determine any wrongdoing is pertinent to the aforesaid and that an opportunity to be heard by the shareholder of your intention is required. We further believe since no fair procedure has been followed to date there is no grounds for early termination of employment of our client.

10 We therefore urge your client to convene a disciplinary process as a matter of urgency to ensure that you have followed fair procedure and have established grounds for early termination. Given the seriousness of your intention to pursue with early termination of our client’s contract we deem it absolutely essential that the hearing be confirmed in the disciplinary process.”

So essentially they wanted to just get rid of us, pay us a package and let us go.

CHAIRPERSON: Yes, but you may have left out something important. From this from what you have read from this letter now I remember from your statement. At a certain
20 stage during your suspension I think you say in your statement they changed their approach and took the attitude that their case against you was not that you had done anything wrong. They were simply saying they were not going to renew or extend your contract which was going to come to an end. I think that is an important part in the process letter and then in this letter part of what you have read is referring to that when it says they were now talking about an early termination of something, but that is what

is that what happened?

ADV LEAH GCABASHE SC: Chairman we are; that is the next annexure that we will be looking at.

CHAIRPERSON: Yes, but the letter is already talking about that.

ADV LEAH GCABASHE SC: This letter is an insistence that they should be given a fair opportunity to face a disciplinary process.

MR RIAZ SALOOJEE: Chair.

CHAIRPERSON: Yes, but look at paragraph 7. It says:

10 “We therefore urge your client to convene a disciplinary
 process as a matter of urgency to ensure that you have
 followed a fair procedure and have established grounds for
 early termination.”

In other words are they, is this not referring to a discussion that was already there about early termination as opposed to a dismissal or do I misunderstand?

ADV LEAH GCABASHE SC: Chairman maybe Mr Saloojee can just explain

CHAIRPERSON: Hm.

ADV LEAH GCABASHE SC: That Advocate Cassim was first appointed.

CHAIRPERSON: Yes.

ADV LEAH GCABASHE SC: To do the first process.

20 **MR RIAZ SALOOJEE:** [Intervenes].

ADV LEAH GCABASHE SC: Before Advocate Pretorius. So that is the step.

CHAIRPERSON: Yes.

ADV LEAH GCABASHE SC: That I think we have missed that he will want to explain to you.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: Anyway Chair I think again maybe because of the time.

CHAIRPERSON: *Ja.*

MR RIAZ SALOOJEE: We are not following this thing properly. If I just get the whole context.

CHAIRPERSON: *Ja*, just tell us your story.

MR RIAZ SALOOJEE: This letter which is dated 7 April was a proposal that Denel had made to us through our lawyer on some other package that they wanted to pay us out on and my lawyer said no that is unacceptable. We want to still go through a disciplinary. That is what this is referring to.

10 **CHAIRPERSON:** Yes, okay.

MR RIAZ SALOOJEE: Advocate Gcabashe is going to come to now.

CHAIRPERSON: Yes, okay.

MR RIAZ SALOOJEE: Is the follow up of what happened after [coughing].

CHAIRPERSON: Okay, thank you.

ADV LEAH GCABASHE SC: And then Chairman just for context at page 378 of course you have the full charge sheet that was addressed to.

CHAIRPERSON: Yes.

ADV LEAH GCABASHE SC: Mr Saloojee.

CHAIRPERSON: Yes.

20 **ADV LEAH GCABASHE SC:** Just for your records. It is RS12.

CHAIRPERSON: *Ja.*

ADV LEAH GCABASHE SC: That has all the charges.

CHAIRPERSON: Hm.

ADV LEAH GCABASHE SC: So we have now dealt with Annexure 23 which was at 417. We now are looking Mr Saloojee at RS24 which is on page 420.

MR RIAZ SALOOJEE: So there this is specifically.

ADV LEAH GCABASHE SC: It is paragraph 2 that is critical.

MR RIAZ SALOOJEE: *Ja.*

ADV LEAH GCABASHE SC: That is the critical letter that.

MR RIAZ SALOOJEE: [Intervenes].

CHAIRPERSON: [Intervenes].

ADV LEAH GCABASHE SC: The Chairman wants to know about.

CHAIRPERSON: What page again?

ADV LEAH GCABASHE SC: 420 Chairman.

10 **CHAIRPERSON:** Thank you. Yes.

MR RIAZ SALOOJEE: So if you recall Chair the last letter that I read out from our lawyer said specifically please urgently convene a disciplinary again, okay.

CHAIRPERSON: Hm.

MR RIAZ SALOOJEE: So their lawyer writes back and says:

“Thank you for your letter. We do not intend dealing with the
allegations contained in your letter.”

CHAIRPERSON: Hm.

20 **MR RIAZ SALOOJEE:** Now this is specifically the letter to myself. It is not related to Mhlontla and them because I think at this point the lawyers were trying to negotiate a settlement because both Mhlontla and Africa were really emotionally drained.

CHAIRPERSON: Hm.

MR RIAZ SALOOJEE: And I think they were, they had accepted that they wanted to settle with Denel.

CHAIRPERSON: Hm.

MR RIAZ SALOOJEE: Okay. I had said I am not going to settle with Denel.

CHAIRPERSON: Hm.

MR RIAZ SALOOJEE: I will continue fighting.

CHAIRPERSON: Hm.

MR RIAZ SALOOJEE: And that is where again we had said to them that we want to continue with the disciplinary process.

CHAIRPERSON: Hm.

MR RIAZ SALOOJEE: So then they respond back.

10 “We do not intend dealing with all the allegations contained in
 your letter. Our client’s rights to reply to the said allegations at
 the appropriate time and forum remain reserved.”

Because we had given them a litany of issues that they had not complied with in terms of the process that they should have followed. So they continued:

 “Your request for a hearing is misplaced. Your client’s
 employment is not terminated due to misconduct.”

I think that is a very important and critical element in this whole process. They acknowledge, their lawyer.

20 “Your client’s employment is not terminated due to misconduct.
 We reiterate what is stated in our client’s letter to you dated
 17 March 2016. Your client’s contract is simply not renewed.
 Our client does not require your client to work the remaining
 part of his contract. Payment in terms of the letter dated
 17 March 2016 will be made which was the remainder of my
 contract up to January 2017.”

So after all of these serious allegations, of suspension, of the charge sheet, of the Denton’s investigation Denel then sees it fit to write a letter when we say take us back

to a disciplinary hearing. They say:

“There is no need for a disciplinary hearing, because your client’s employment is not terminated due to misconduct.”

I mean it is inexplicable that from having moved from such a serious suspension and serious allegations to a point where they have admitted in a letter to me that they will not renew my contract but the employment is not terminated due to misconduct. So what, was this a smoke screen for what? What was the ultimate intention of the suspension?

ADV LEAH GCABASHE SC: What [intervenes]?

10 **CHAIRPERSON:** Well I was as you were clarifying I was listening, but I was going back to the letter of 17 March 2016 to which they refer in their letter of 9 April that you read a few minutes ago. I wanted to see what they had said there in the letter of 17 March which is at RS21 page 412. So I think that is where they started or at least in writing saying that they were simply not going to renew your contract or extend your contract, but this was about a year before your contract could come to an end and you had, had you asked them to consider renewing your contract a year before? Like I mean this was, your contract was going to end in January 2017. Is it not?

MR RIAZ SALOOJEE: No, Chair. Yes January 2017.

CHAIRPERSON: And they are writing to you on 17 March 2016. That is their letter as
20 page 412. That is where they say that:

“Your fixed term contract had not been validly extended as per the PFMA.”

That is paragraph 2 and then in paragraph 3 then they say:

“Nevertheless your alleged current fixed term contract of employment terminates on 31 January 2017.”

And then I think the next thing, later on they say they will not renew it. So it just seems to me strange talk that it is a year before your contract is going to come to an end. They are talking about not renewing it. You have not asked that it be renewed. Instead you are on suspension and there had been allegations of misconduct, serious misconduct against you. *Ja*, okay.

MR RIAZ SALOOJEE: But Chair I think the intention of this.

CHAIRPERSON: Hm.

MR RIAZ SALOOJEE: If I may was to make sure that I do not return back to Denel.

CHAIRPERSON: Yes.

10 **MR RIAZ SALOOJEE**: In any capacity.

CHAIRPERSON: Yes, but in that last letter that you read they were now saying well in effect they seem to be saying well there is no misconduct. We are not talking about misconduct on your part, but we just will not renew the contract. The question arises if for as many months as your contract was still to run they were going to get somebody else to act. They would be paying two people for one job being done by one person for such a long time. One wonders how they would justify that. You say there is no misconduct by the current CEO, but we do not want him to do his job so that he can earn the money that he would be paid for the balance of his contract. We will get somebody else to do that.

20 **MR RIAZ SALOOJEE**: So Chair in the Auditor-General's language it was fruitless and wasteful expenditure.

CHAIRPERSON: Okay. You may continue.

ADV LEAH GCABASHE SC: Mr Saloojee I would just like you to for the sake of clarity and for the sake of the record go back to page 417 and read the date of that letter into the record. That is RS23.

MR RIAZ SALOOJEE: Okay. It was 7 April 2016.

ADV LEAH GCABASHE SC: And then we will go back to RS24 which is the not terminated letter and if we look at the date on that letter.

MR RIAZ SALOOJEE: It is 9 April.

ADV LEAH GCABASHE SC: So it followed on the other letter.

MR RIAZ SALOOJEE: Correct.

ADV LEAH GCABASHE SC: Yes. Then finally I would like to take you to RS33.

CHAIRPERSON: So it is in March 2016 about 10 months or so before your contract comes to an end that you are told we are not complaining about misconduct with regard to you and ordinarily should that not lead to you being, to the suspension being lifted and you going back to work?

MR RIAZ SALOOJEE: Chair legally and ordinarily that should have been the case.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: If it was not due to misconduct.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: All the [intervenes].

CHAIRPERSON: And you were not being retrenched?

MR RIAZ SALOOJEE: I was not retrenched. They just said, they simply do not require me to come to work.

20 **CHAIRPERSON:** Yes.

MR RIAZ SALOOJEE: I mean it is unprecedented because.

CHAIRPERSON: And yet you were willing to go back and perform your duties. You had a record of very good performance that they must have known if they bothered to check about you had been performing. The Minister had just expressed happiness about your own performance and prior to the day that you were, you and your

colleagues were asked to make representations why you should not be suspended had the new Board ever complained about anything with regard to your performance?

ADV LEAH GCABASHE SC: You cannot.

CHAIRPERSON: Nothing.

ADV LEAH GCABASHE SC: A response, yes. Do not shake your head.

CHAIRPERSON: So that is captured by the.

ADV LEAH GCABASHE SC: No, Chair.

CHAIRPERSON: Yes, okay. Thank you.

ADV LEAH GCABASHE SC: In fact can you go to page 430.

10 **MR RIAZ SALOOJEE:** Four?

ADV LEAH GCABASHE SC: 4-3-0, it is RS28. The Chairman talks about the Minister and the glowing terms in which she spoke of you at the AGM of 23 July. This is a letter that is addressed to the Minister and essentially at page 436 paragraph 33 you say to her, can you just read that particular sentence into the record? Paragraph 33 of that letter. It is a very long letter, but this is what you are asking of her at 436.

MR RIAZ SALOOJEE: Thank you Advocate Gcabashe. So while all of this was going on Chair my lawyer also sent a full package of documents all of these documents that you are seeing here in a chronological order telling her what interventions we have made with the legal people at Denel to give us a fair hearing and that we expect her as
20 the shareholder representative who is responsible for appointing me in the first instance to intervene in this process and notwithstanding the seriousness of the allegations that were made and what the response of Denel was including all the letters I have read out there was no response from the Minister whatsoever. So it says here.

ADV LEAH GCABASHE SC: In fact if you start at 32, because the one leads into the other.

MR RIAZ SALOOJEE: So we say to her:

“As the department in charge of Denel and the Minister tasked
with this responsibility our client is of the view...”

CHAIRPERSON: I am sorry. Where are you reading from now?

ADV LEAH GCABASHE SC: Paragraph 32.

CHAIRPERSON: I am at 432.

ADV LEAH GCABASHE SC: 436 Chairman.

CHAIRPERSON: Oh, okay.

ADV LEAH GCABASHE SC: And paragraphs 32 and 33.

10 **CHAIRPERSON:** Oh, okay. Thank you.

ADV LEAH GCABASHE SC:

MR RIAZ SALOOJEE: It says:

“As the department in charge of Denel and the Minister tasked
with this responsibility our client is of the view that the
Department of Public Enterprises needs to urgently investigate
the circumstances of and surrounding our client’s suspension
and the Denel Board’s decision not to permit our client the
opportunity to perform his duties as GCO of Denel. The reason
for the urgency is because Denel as a State Owned Entity
seems to have suffered as a result of these events.”

20

So Chair that speaks directly to what you were saying earlier on. That our lawyer is asking the Minister to intervene so I can rightfully go back to work, okay and she never responded to this.

“We believe that you have the necessary statutory authority to
ensure that our client resumes his duties immediately and

again assume the responsibilities of the GCO.”

So we are appealing to her to say do the right thing, okay.

“We understand that you have made attempts to illicit from the

Board but we are uncertain as to whether the Board is...”

So it was not as if there was no intervention that we required from the Minister, but there was nothing forthcoming from her side.

ADV LEAH GCABASHE SC: And then at 39, paragraph 39 on the very next page they communicate your position. So it is 437 at paragraph 39.

MR RIAZ SALOOJEE: So at paragraph 39 and consistent with what we have just
10 discussed Chair my lawyer writes to the Minister to say:

“Our client has instructed us to convey as we hereby do that he
is prepared if so required to engage with your offices in relation
to his present position as set out herein. In this regard our
client is mindful of the responsibilities he undertook when he
accepted the appointment of GCO of Denel.”

So I am consistently again saying that I will take on the responsibility, okay, of
[indistinct] and we say:

“We trust that you will give urgent consideration to the content
hereof.”

20 But again I say there was no response to this letter.

ADV LEAH GCABASHE SC: Then the last annexure that you may want to speak to is
annexure.

CHAIRPERSON: I am sorry. Can I just clarify something? When they wrote that letter
that I referred to earlier on of 17 March and said they do not need you to come back to
work, was your understanding that they meant that you could stay at home and then

they would either give you a packet that would cover the balance of your contract or what would happen? What was your understanding?

MR RIAZ SALOOJEE: Chairman.

CHAIRPERSON: Or what did they say if you?

MR RIAZ SALOOJEE: What actually practically happened was that I was obviously barred from the Denel premises. I was on suspension.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: Even during this period we had still consistently asked to go, after that letter as well to go to a disciplinary, because I cannot just sit at home getting
10 paid.

CHAIRPERSON: *Ja*, but the question I am asking is when you got that letter when you heard about, was your understanding that they were going to pay you for the balance of the period.

MR RIAZ SALOOJEE: So at some point they unilaterally and I think it was in April.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: They unilaterally.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: After that letter was saying that they were going to pay out for the rest of my contract.

20 **CHAIRPERSON**: Yes.

MR RIAZ SALOOJEE: What was legally due to me.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: Not a golden handshake.

CHAIRPERSON: Yes.

ADV LEAH GCABASHE SC:

MR RIAZ SALOOJEE: Not a cent more. I have never negotiated with them a packet.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: What was legally due to me they unilaterally put into my bank account.

CHAIRPERSON: Ja, the total amount of the balance of your contract?

MR RIAZ SALOOJEE: Exactly.

CHAIRPERSON: Okay, thank you. Yes.

ADV LEAH GCABASHE SC: Then that particular letter Chairman you will find at RS21 on page 412 paragraph 7 speaks to the payment into Mr Saloojee's account. The last.

10 **CHAIRPERSON:** Yes.

ADV LEAH GCABASHE SC: The last annexure you may want to bring to the attention of the Chairman.

MR RIAZ SALOOJEE: So.

ADV LEAH GCABASHE SC: Annexure 33.

MR RIAZ SALOOJEE: So Chair I mean having gone through from September 2015 it is now coming to the end of the year, November, my contract is expiring in January. There was no prospect of them renewing my contract.

CHAIRPERSON: I am not sure. I think either I or you may be getting the years wrong. The letter that we just talked about from them of 17 March is 17 March 2016. You had
20 been suspended in September the previous year, 2015 and your contract was going to come to an end in January 2017?

MR RIAZ SALOOJEE: Yes.

CHAIRPERSON: And you just told me that in March 2016 they deposited the balance of the, an amount that took care of the balance of your contract unilaterally?

MR RIAZ SALOOJEE: Yes Chair. It was about in April. So it was 10 months

remaining in my contract.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: Now what I am now coming to the conclusion of what actually happened with.

CHAIRPERSON: Yes, okay.

MR RIAZ SALOOJEE: So I am saying.

CHAIRPERSON: Oh you need to first tell me what your reaction was to the deposit of this money into your account without an arrangement with you.

MR RIAZ SALOOJEE: No, I said it was unacceptable.

10 **CHAIRPERSON:** Yes.

MR RIAZ SALOOJEE: And my lawyers had said to them but we will insist that you take us to a disciplinary and at the point at which you take us to the disciplinary we will transfer the money back to you.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: And that never happened.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: So after that April payment I think there must have been a number of instances where we continued to ask for a disciplinary.

CHAIRPERSON: Yes.

20 **MR RIAZ SALOOJEE:** But of course it was going nowhere.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: So all the charges that were against us, the seriousness.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: Just fell away with one letter.

CHAIRPERSON: Ja.

MR RIAZ SALOOJEE: That said not due to misconduct and they paid me out.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: So for me it was a complete screen of the charges in the first instance.

CHAIRPERSON: Yes, but did they ever say anything to you in correspondence after depositing the money into your account when you said through your lawyer, this is unacceptable. We still want a disciplinary enquiry. Did they respond and what was their stance?

MR RIAZ SALOOJEE: If I recall they said well if you do not accept this then put the
10 money back into then account and we said yes we will put but give us the disciplinary.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: Yes and that never happened.

CHAIRPERSON: Yes, okay.

MR RIAZ SALOOJEE: So my contract is coming to an end in January 2017. I have
been now suspended since September 2015. It is a long period and it has been an
extremely difficult period for myself and my family. There is no prospect of them
reinstating me or even taking me to a disciplinary. So I took them to the CCMA and at
the CCMA they came to an agreement that they will drop any charges against me that
still existed or will exist in the future. That they will settle for whatever outstanding
20 monies that they owe me whether it is pension money or leave days that are still
accrued to me and that we will part ways and that they acknowledged that there was no
misconduct and that is the CCMA hearing that took place in November and we
concluded.

CHAIRPERSON: This is November 2016?

MR RIAZ SALOOJEE: November 2016 and we concluded a Termination Agreement

and I left Denel.

CHAIRPERSON: Can you point me to the Termination Agreement?

ADV LEAH GCABASHE SC: It is the very next document at 34, R34 Chairman at page 498. It starts at 499.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: That was signed on 8 November 2016.

CHAIRPERSON: Yes, thank you. So that is how you parted ways with them?

MR RIAZ SALOOJEE: So that was the end of my period at Denel Chair.

CHAIRPERSON: Yes, but in terms of any further payments it was whatever it was that

10 was due to you and nothing more?

MR RIAZ SALOOJEE: Chair I want to categorically state.

CHAIRPERSON: Hm.

MR RIAZ SALOOJEE: On record.

CHAIRPERSON: Hm.

MR RIAZ SALOOJEE: I have never asked for or never negotiated a package settlement with Denel.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: On principle all I had not requested, demanded of them.

CHAIRPERSON: Hm.

20 **MR RIAZ SALOOJEE:** Is that if they said my contract is simply not renewed you are not going to come to work, but you are still for all intents and purposes an employee of Denel.

CHAIRPERSON: Hm.

MR RIAZ SALOOJEE: That they must pay me what was due to me.

CHAIRPERSON: Yes.

MR RIAZ SALOOJEE: And that is exactly what happened.

CHAIRPERSON: Because you never refused to perform your duties? *Ja*.

MR RIAZ SALOOJEE: *Ja*, I never voluntarily said I do not want to perform.

CHAIRPERSON: *Ja*.

MR RIAZ SALOOJEE: My responsibilities.

CHAIRPERSON: Thank you.

ADV LEAH GCABASHE SC: Do you know if there were any consequences for the Board be it the Chairman or member of the Audit and Risk Committee for the shabby manner within which they conducted this entire process?

10 **MR RIAZ SALOOJEE:** Advocate Gcabashe from the point at which I was suspended I mean if you look at the press reports that emerged in the public domain and I think it is in the public domain at every single point there was interventions that the new Denel Board was making and the Denel Executive which were controversial, okay and that is what happened. I do not know what happened to all the contracts that happened. I do not know what happened to the R35 billion order book. I do not know what happened with the [indistinct] contract. I have, you know, all I have is what I have read in the newspapers about the decline of Denel to the point at which it was not even able to, they were struggling to pay salaries. Simple things like toilet paper was not being provided. People were told to bring their own coffee to work. Contracts were not being
20 managed. So today Denel is in a dire, dire position from being an organisation where we had taken it to something that greater than, gave a potential for taking it to even greater heights. I mean we have an SOC today that is struggling to survive.

CHAIRPERSON: How do you feel about that in circumstances where you know that it is not just who says I did my work very well as GCO of Denel, but the 2011 Board was full of praise for your performance and wanted you – your contract to be extended I

think for five years and the Minister herself had just told you before you were suspended that she was very happy with your performance, she wanted, she had instructed officials to work on the extension of your contract and the financial performance of Denel during the time that you were there, 2011, 2013, 2014 from a certain graph that we looked at yesterday one could see how Denel was improving all the time in terms of its financial performance and by – I think after 2016 then it started going down, how do you feel when you know that you could have been there, and could have made a significant contribution to ensuring that Denel stayed financially viable with the team that you had and if the old Board had got what it wanted namely the extension of your contract, how would you feel when you look at all this?

MR RIAZ SALOOJEE: Chair it is what it is. Excuse me. I've served my country well from a very young age, and whenever Advocate Gcabashe asked me why did I want to go back to Denel, or not - go back to Denel it was a national responsibility that I felt I still had and I could contribute, and that's why I chose to go back to Denel because I knew I had the skills and the ability and the experience to make a difference, and I did. Having experienced what I have just narrated to you and the attempts to influence Denel in a negative way, and myself for that matter, and what it resulted in can never happen again in this country, because I am not talking of other SOC's, I'm talking about my personal experience. If we have allowed a situation to deteriorate to the point at which the very fundamental capabilities that allow us to defend our country have been eroded and that people's lives are being damaged history will not forgive us if we do not rectify that.

So personally yes, somebody asked me the other day you now would you have gone back to Denel I said yes absolutely, because I've got unfinished business there. I came to love that organisation and I came to love the people in that

organisation, and I had a passion for that business, and I also genuinely believe that it contributed significantly to the well-being of this country, so ja the personal cost, it has been a huge personal cost, it has been both from, I mean it was a toxic environment, I can't begin to explain you know, especially during the suspension that there was always this cloud hanging over you, and even now okay.

Where is – where are our lives going to from here I am not so sure, but I believe that it was my responsibility and my commitment to this country and to myself as an individual and a family that I had to come here to articulate what happened, however painful, and however difficult it has been, but I believe as a soldier that I have
10 had the wherewithal to withstand a lot of this and I will continue to do that, and I just hope that this Commission is going to be an intervention as I say that will not repeat itself in history again.

Thank you Chair.

CHAIRPERSON: I don't know whether you have – I take it that you are done?

ADV LEAH GCABASHE SC: I am indeed, thank you Chairman.

CHAIRPERSON: Yes. I don't know whether there is anything else that you would like to say, so I am just giving you a platform in case there is something else you want to say.

MR RIAZ SALOOJEE: No I just, I want to thank you and the people of South Africa
20 and Government for giving us this opportunity which previously there was no space to do something like this, and in fact that's why many of us maybe have not spoken up earlier, but because we are in this new space we need to use it optimally we need to use it constructively, we need to make sure that the recommendations that come out of this environment are going to be of such a nature that the checks and balances that are there will ensure; I mean you are never ever going to negate the problem completely,

but at least there will be more stringent political accountability for how we conduct ourselves, so ja, and I am looking forward to having come here and given my testimony so that I can move on with my life.

CHAIRPERSON: And – well I take it that you would encourage other people who may experienced anything similar to what you have told us you went through, or those who may have knowledge of matters such as matters that this Commission is investigating you would encourage them to come forward and assist?

MR RIAZ SALOOJEE: No absolutely Chairperson.

CHAIRPERSON: Yes, yes. Well Mr Saloojee I take this opportunity to thank you very
10 much for having come forward to give evidence to inform this Commission about the experiences that you and some of your colleagues at Denel experienced, obviously there may be other witnesses that I will hear and obviously I will decide at the end of the work of the Commission what I make of the evidence and all of that, and all the evidence that I will hear but I really thank you for having come forward to share with the Commission what you know because as you probably know I have been calling for people to come forward, I'm talking Ministers, present and past, DG's past and present, and CEO's of parastatals past and present who know things that should be revealed to this Commission to come forward and it may be difficult for some but I would like a situation where if at the end of the work of this Commission I come to the conclusion
20 that certain things happened or State Capture did happen I would like to be in a position where I have been assisted with as much information as possible by people who experienced the activities or witnessed the activities or knew, I have been assisted by them coming forward and giving evidence so that we can look at what it is that we can recommend as measures that should be taken to ensure that whatever I will find happened may not happen again in this country and to anyone so I am grateful that you

came forward, I hope that maybe through your testimony others will be encouraged to come forward and assist the Commission.

Thank you very much.

MR RIAZ SALOOJEE: No, thank you.

CHAIRPERSON: If we need you to come back you will be contacted and I have no doubt you will come back and assist us again, but thank you very much and you are excused. Thank you.

ADV LEAH GCABASHE SC: Thank you Chairman, Advocate Bam is just reminding me that he will make sure we get the documents that you have asked him to find and
10 furnish to the Commission.

CHAIRPERSON: Yes thank you.

ADV LEAH GCABASHE SC: Chairman that is the evidence for today.

CHAIRPERSON: For today, okay we are going to adjourn for the day, we will – on Friday we will start at well I had initially said nine o'clock, and maybe we must stick to that nine o'clock because that's the time that Mr Mbalula has been told otherwise when I look at the program for Friday we could have started later, but I think since we said nine o'clock we have to stick to nine o'clock.

ADV LEAH GCABASHE SC: I agree with you Chair, let's start.

CHAIRPERSON: So on Friday we will start at nine o'clock, we adjourn.

20 **INQUIRY ADJOURNS TO 22 MARCH 2019**