



PARLIAMENT
OF THE REPUBLIC OF SOUTH AFRICA



public enterprises

Department:
Public Enterprises
REPUBLIC OF SOUTH AFRICA

PORTFOLIO COMMITTEE ON PUBLIC ENTERPRISES

Inquiry into Eskom, Transnet and Denel
Old Assembly Chamber
31st October 2017
09h30

DAY 04



[00h04:47 - START OF AUDIO]

Morning Session

Ms Daphne Rantho - Good morning Honourable members, good morning visitors, the media, people who have interest in this enquiry that are with us today. I am just waiting for a moment for Advocate Vanara and other people to join us in the meeting so that we can start with the day. Let's just hold on for 5 minutes after 5 minutes will then start, thank you very much.

[00h10:48]

Ms Daphne Rantho - Good morning Honourable members and good morning to everybody inside here. We are going to start with our meeting today, but I have few things that we need to settle with as we going forward with this enquiry today. It's an unusual day today; the enquiry is public but today as we are resuming with the enquiry as this portfolio committee as everybody knows that this is an oversight enquiry, this is a fact finding enquiry on issues that we have seen, on issues that we have heard, issues that we raised concerned on as members of parliament regarding Eskom. We are still dealing with Eskom; we are still dealing with things that happened in Eskom as this enquiry. We haven't moved to other entities yet, were still focusing on Eskom. But there are few things that I need to clarify here as a committee; we have a witness Honourable members, the witness in the first place we said the witness is going to be in camera, so we will be listening to the witness from where she is going to sit, but she said she wants to be part of the committee she wants to be in the room. As she is going to be in the room we want to ask the media, the sound and vision of parliament not to focus their cameras to the witness. That's what she's asking for. She's going to speak out, she's going to tell us everything, she's going to respond to our questions; but she asked the cameras not zoom to her. She has agreed to provide information to us but she does not want to be broadcasted live on TV. She is aware that her name is already out, she is aware that the people that she is going to speak about they already know her, but she does not want, it's her right, not to be broadcasted live. It's her right. So I would want all the cameras, whether you love me or you don't love me, the cameras must focus on me today. Only on me, the face that the media, the people...that South Africans have to look at, it is me only. She's does not want any camera to focus on here and we agreed that that is going to happen. The media houses are now instructed by Parliament, not by Zukiswa Rantho, but by Parliament not to zoom into her face. Do we agree on that? And we also understand that there are witnesses that are willing to come and speak here; if we break that trust between our witnesses we will lose the objective of what we are doing as this committee. Please members of the media please I know it is your job to take a photo of a person who's giving the information here in this enquiry, but for today please bear with us, bear with us. As much as the committee wants to conduct this enquiry open, but there are restrictions that we need to follow. There are things that are beyond our control, so we need to take that into consideration. So we think everybody will abide by the rules that have been outlined, especially in the light of the sensitivity of the matter. Thank you very much. Honourable Swart I saw your hand up, I'm not sure if you want to have an objection.

[00h15:26]

Honourable Swart - I think Chair you've covered everything; I just wanted to make it clear no photos as per parliamentary convention or social media...we, also that is an instruction from the Chair as well. Thank you Chair.

Ms Daphne Rantho - Thank you very much. The witness has agreed that she's going to take an oath; so now I will read to her the oath. So after reading the oath then she will respond.

In accordance with section 16 of the Powers Privileges and Immunities of Parliament and Provincial Legislatures Act 2004, as a witness to this oversight enquiry, please be informed that by law you are required to answer fully and satisfactorily all the questions lawfully put to you. Or to produce any document that you are required to produce in connection with the subject matter of the enquiry. Notwithstanding the fact that the answer or the document could incriminate you, or expose you to criminal or civil proceedings or damages. You are, however, protected in that evidence given under oath or affirmation before a house or committee may not be used against you in any Court or place outside parliament, except in a criminal proceeding concerning a charge of perjury or a charge relating to the evidence or documents required in these proceedings. Please be aware that in terms of section 17 sub section 2 of the Powers Privileges and Immunities of Parliament and Provincial Legislatures Act, a person who wilfully furnishes a house or a committee with information or makes a statement before it which is false or misleading commits an offence and is liable to a fine or imprisonment for a period not exceeding 2 years. You are required therefore to take an oath or affirm that the evidence you are about to give is truthful, you may choose to...oh, you said you're going to take an oath,...then you will say "I swear that the evidence I shall give shall be the truth, the whole truth, and nothing but the truth, So Help Me God." Can you raise your right hand and respond to the oath?

[00h18:00]

Ms Mosilo Mothepu - I swear that the evidence I give shall be the truth, the whole truth, and nothing but the truth, So Help Me God.

Ms Daphne Rantho - Thank you very much. You signed the paper in front of you?

Ms Mosilo Mothepu - I have Chair.

Ms Daphne Rantho - Ok. Thank you very much Honourable members and the people that are inside this committee or chamber. We are going to start with our enquiry today with the evidence leader that is going to put questions. There are no presentations that are going to be made here, but we are going to start with the evidence leader who will ask questions straight to the witness. Thank you very much, over to you evidence leader. You are all welcomed to this meeting of today.

[00h18:58]

Advocate Vanara - Thank you Chair. Just before I proceed, just one procedural issue that relates to your announcement. Is it correct that the name of the witness is public and the media could mention the name?

Ms Daphne Rantho - With what I have read yesterday the name of the witness is public, is known.

Advocate Vanara - Thank you Chair. Ms Mothepu can you for the record state your academic background and your work experience?

Ms Mosilo Mothepu - Good morning Honourable members, my name is Mosilo Mothepu. I have in terms of my academic experience, before I say that I'll just like to thank you very much for the opportunity to come and testify with regards to what I can assist you and your investigation. It's been a very long journey and I hope that my testimony today will assist the committee in getting the facts. My academic qualifications; I have a BCom Accounting degree from the University of Lesotho and then I have an Honours in Corporate Finance and Investment from the University of the Witwatersrand, I am registered at the University of the Witwatersrand doing my Masters in Commerce in Corporate Finance and Investment. I have completed the course work and I'm busy trying to complete the thesis.

[00h21:04]

I have approximately 15 years of experience in financial services focusing mainly on public sector finance, financial advisory and infrastructure finance. I've worked for various institutions, I'm not going to mention by- them by name, but I've worked for some of the big four banks, I've worked for some of the big four advisory firm, I've worked for an IPP in the Energy Sector and but the focus has always been a Debt Capital Markets essentially assisting public sector clients raise money for the infrastructure programme. It has always been a passion of mine to use my qualification to assist the country in terms of infrastructure and development needs.

Advocate Vanara - Can you explain to the committee your relationship, the nature of your relationship, with a company called Regiments Capital and later on Trillian Financial Advisory? When it started, what was your role and when you left the two respective companies?

Ms Mosilo Mothepu - Thank you. I was initially employed in 2007 Regiments Capital. I was a Debt Capital Markets Specialist and essentially I worked with the three founding directors and shareholders Eric Wood, Niven Pillay and Litha Nyhonyha. I was in the advisory division during that time and we essentially assisted the likes of the Airport's Company, the City of Johannesburg with their funding plan, capital raising for infrastructure and in as much as I didn't have a specific job description in consulting, especially when you have clients, you do a lot of tenders and then you respond to the RFPs you present to prospective clients and once you have the mandate you execute. So my key clients, I think, in the first three years at Regiments was the Airports Company, we assisted ACSA in putting together a funding plan and capital raising for their airports in preparation for the Soccer 2010, and we assisted the City of Johannesburg as well with their medium term budget assisting them in funding their shortfall and there were some other small other advisory mandates. I left Regiments in 2010 December after about 3 years to go and...I wanted more experience, as Regiments is as an advisory firm that has relationships and expertise and public sector. I wanted to have experience in project finance and securitization, so I left in 2010 December. I received a call in June 2015 from Mr Eric Wood, who I have mentioned that he was an executive director and shareholder at Regiments, and he essentially asked me to come back to Regiments. So I started working there again and on the 15th of June 2015. I was employed as a principal, a principal is just one level below a director, so essentially I managed a team, gave them a technical advice and interacted with clients and business development.

[00h25:43]

Now the understanding of my reappointment at Regiments was to lead the Eskom team. Regiments had together with McKinsey had submitted a proposal to Eskom and Regiments was supposed to be McKinsey's supply development partner and essentially Eric wood indicated that he needed a senior resource, which will be me, to manage that transaction. I left regiments on the 29th of February but it was not a resignation, it was a section 197 in terms of the Labour Relations Act, when Mr Wood and Salim Essa bought Regiments Advisory and I was transferred from Regiments Capital to Trillian Financial Advisory. I was promoted to chief executive of Trillian Financial Advisory and executive director effective the 1st of March 2016. I subsequently resigned on the 22nd of June 2016 as a CEO of Trillian Financial Advisory and I resigned as a executive director on the 27th of June 2016.

Advocate Vanara - I am in possession of a statement that has got a 30...I think it's 28 hand written pages and I've given you the statement.

It is a statement headed 'Public Enterprises Portfolio Committee enquiry into Eskom, Denel, Transnet and South African Express Airways. Statement by Ms Mosilo Mothepu', it's dated October 2017. Are you aware of that document?

Ms Mosilo Mothepu – Yes, I am aware of the document.

[00h28:18]

Advocate Vanara - Is it correct that the statement was prepared with the advice and assistance of your attorneys of record?

Ms Mosilo Mothepu - That is correct advocate.

Advocate Vanara - Have you signed the statement?

Ms Mosilo Mothepu - I have signed the statement.

Advocate Vanara - And you would naturally have read through the statement before signing it and confirm, do you confirm that by your signature that the contents of the statement, to the best of your knowledge and abilities, correct and true?

Ms Mosilo Mothepu - That is correct.

Advocate Vanara - Can that statement be admitted as evidence before this enquiry?

Ms Mosilo Mothepu - Yes that statement can be used as evidence.

Advocate Vanara - On page 3 of your document, you begin I think it's paragraph 2.6, you deal with the acquisition of Regiments Advisory by Eric Wood and Salim Essa to form Trillian Capital Partners. Can you take the committee through that particular transaction?

Ms Mosilo Mothepu - Certainly. During the last quarter of 2015 the shareholders and executive directors at Regiments Eric Wood, Niven Pillay and Mr Litha Nyhonyha decided that they were essentially going their separate ways. It was understand- the understanding was Eric Wood and Mr Salim Essa, but at the time he was referred to as a black shareholder, we only found out later that it was Mr Salim Essa, it was agreed that Eric Wood with his black shareholder would acquire Regiments Capital Advisory. Advisory has two legs, financial advisory and management consulting. I was in the financial advisory section, so essentially Eric Wood and Salim Essa bought Regiments Advisory division and then they formed a Pty Ltd. So I was the CEO of Trillian Financial Advisory Pty Ltd, I had a CEO- I mean a chief operating officer and a team. Then there was a separate Pty Ltd called Trillian Management Consulting, which had its own separate CEO and COO.

[00h31:26]

Then the other, I think there was Trillian Properties Pty Ltd and Asset Management and Securities and then the parent company was Trillian Capital Partners, where Eric Wood was the group chief executive officer and all the CEOs of the companies reported to Eric Wood. Now as I had said a little bit earlier, the transaction was supposed to happen in two phases. The First Phase was the transfer of employees and that happened on the 1st of March 2016, so essentially I think 16 Regiments' people moved from Regiments to Trillian through a section 197 in terms of the Labour Relations Act and then the three partners were supposed to finalize the acquisition of the business.

So that was the assets and liabilities and the public sector contracts that Regiments had. These were Transnet, Denel, SA Express and there were the plan was to seed these contracts and then have the sessions transferred to Trillian. This unfortunately did not happen; I believe the parties are in the High Court fighting for the lack of sessions. So, but what happened I think from the 1st of March we moved from Illovo to Melrose Arch and we had Trillian Financial Advisory continue working with I can say Regiments' old clients and the partners were had meetings to discuss the finalization of the transaction and the contract. But I later found out I think in May from the finance director or the CFO Mr Tebogo Leballo that the negotiations essentially had collapsed. So what had what it meant essentially was that Trillian had taken the public sector clients without the sessions being approved. So of course this concerned me quite a bit.

Advocate Vanara - The public sector clients you're referring to, they are on page 3 of your statement paragraph 2.6.3, can you read them for the record?

[00h34:32]

Ms Mosilo Mothepu - Denel, South Africa Express Airways, Transnet, and Eskom; state owned companies.

Advocate Vanara - On page 4 of your statement you deal with the relationship between McKinsey or the procurement of McKinsey by Eskom and subcontracting of Regiments / Trillian Capital Partners as the supplier development partner can you explain to the committee this procurement process and what it entailed?

Ms Mosilo Mothepu - Thank you, just where of a background when I started in June 2015, Regiments Capital and McKinsey were working together at Transnet, and the initial contract was that Regiments was the supply development of McKinsey and McKinsey was the main contractor at Transnet, and they wanted the same agreement at Eskom. So when I started, we, I think Mr Anoj Singh had been seconded to Eskom, but he had not been appointed yet by the Minister. It was just a secondment. So before I joined, as I had said, they had submitted a joint proposal where Regiments was supposed to be McKinsey's supplier development partner and the main contract, the Master Service Agreement – The MSA, was supposed to be between McKinsey and Eskom. Now McKinsey was supposed to as the main contractor earn 70% of the fee and Regiments was supposed to earn 30% of the fee, and this was on if you go to paragraph 3.1.1, I'll just read it; that McKinsey and Regiments Capital had submitted a joint proposal in the first quarter of 2015 where McKinsey and Regiments were supposed to assist Eskom with management consulting services which included cost savings on procurement, generation, primary energy and the establishment of Eskom's top engineering program. As McKinsey's supplier development partner, Regiments through Eric Wood, agreed on a split fee of 70 / 30, favourable to McKinsey. Now Regiments was supposed to lead its own financial advisory transactions with Eskom called balance sheet optimisation, and cash unlocking initiatives. Now because Regiments are financial advisory expert the fees would be a 95% to Regiment and 5% to McKinsey, and that 5% with an administration fee. It was anticipated because the main contractor was McKinsey, Eskom would pay them directly and then McKinsey will pay Regiments as a subcontractor. So we met Mr Anoj Singh in various venues across Gauteng to discuss the proposal and also to assist him with his first hundred days and an action plan. We started working at Eskom when he was appointed by the Minister as the permanent CFO. We were given contractor access cards, and we were designated a boardroom where the McKinsey and Regiments partners would work from.

[00h39:10]

Now, this with in anticipation that the proposal was going to get board approval and go through all the PFMA and supply chain regulations. So we started working at Eskom before the board submission with the anticipation of the approval, and then of course things changed when it was announced in December that Regiments was splitting and advisory will be bought by Mr Wood and Salim Essa. So Mr Wood informed McKinsey Mr Vikas Sagar, and Mr Anoj Singh, the CFO of Eskom, that the supplier development partner will change from Regiments Capital to Trillian and I think this announcement was supported by both McKinsey and Eskom. So because of the change in supply development partner, McKinsey now had to do another global risk review because it was no longer Regiments. So I think they started the process either late in December or December 2015 or January 2016.

[00h40:59]

Advocate Vanara - Just to take you a step back on what this Master Service Agreement would have entailed, you referring to the balance optimisation and cash unlocking initiatives; what would these initiative or which transactions would this initiative have included?

Ms Mosilo Mothepu - I'm going to comment on the cash unlocking, because that was my area. The management consulting part was done by Trillian Management Consulting. So if I can take you to paragraph 3.1.3. So, the balance sheet optimisation and cash unlocking initiatives included insurance claims management for the Duvha unit 3 recovery project; the boiler had exploded and Eskom had submitted a claim and they also wanted a contractor to rebuild the boiler and this was part of the initiatives. So that's also rebuild Duvha 3 recovery 3, and then it's online vending. Online vending; Eskom receives about R6 billion a year on prepaid electricity but they get it in on a monthly basis and they wanted to improve their liquidity position. So they wanted a master vendor who essentially would be the only contractor to Eskom and they would receive the six billion rand up front instead of on a monthly basis, and Trillian was supposed to get I think a fee in terms of how much they could raise upfront. There was also the optimisation of the fibre optics cable and then there was other insurance claim management with regards to Hitachi settlement, and then it was ASGAP capital structure optimisation, and then the overall insurance claim management, and we were also supposed to assist the Treasury in the arrangement of the negotiation and arrangement of long-term loans and working capital. And also at the time I think Eskom had gotten a 23 billion rand, I think equity, from National Treasury and part of the condition was to sell non-core assets and part of the non-core assets was Eskom Finance Company; they provide mortgage loans to Eskom employees. Trillian was supposed to act as transaction advisors to assist in the sale of that non-core assets. And then the issuance of hybrid capital, which we partly started working with at Goldman Sachs. Now these transactions were all on a risk-based; it was supposed to be if now these...the transactions are successful and then there's money in the bank then Regiments would...then Trillian would get a success fee, and that is the 95% towards Regiments and 5% goes to McKinsey. So it was a separate proposal to the 70 / 30 one.

[00h44:54]

Advocate Vanara - Eskom is an independent company, so is Regiment, so is McKinsey; are you aware how Regiments becomes aware of these initiatives within Eskom.

Ms Mosilo Mothepu - I'm not aware. As I had said I rejoined Regiment in 2015 June, and they had already submitted the proposal, so it was before my time. But I suspect, as I had indicated earlier it was a...I would say an unsolicited bid. But these initiatives had changed substantially. Anoj Singh had deleted some and added some like the Duvha was not there. Mr *Matshela Koko had* also included the online vending.

So it was a situation where I would say a client helps a service provider to be appointed. So that grey line was not there. It was like...if I take you back, it was via a confinement, so it did not go out on tender; it was on sole basis and Eskom was supposed to get National Treasury approval for the transaction. But it was...there with an original list which was amended by Mr Anoj Singh and *Matshela Koko* because he felt that the Duvha claim and the online vending had to be included. So it was not...it didn't go on competitive tender.

[00h47:05]

Advocate Vanara - Mam, I think my question is a very narrow one; you've listed these initiatives, I guess what I want to get at is, these are initiatives known by people at Eskom and ordinarily somebody outside of Eskom would not know of these initiatives until informed, is that correct?

Ms Mosilo Mothepu - That is correct.

Advocate Vanara - Are you aware of any other companies who are competitors of Regiments who also made or submitted similar proposals to Eskom around the same or similar initiatives.

Ms Mosilo Mothepu - No I'm not aware.

Advocate Vanara - You then proceed to 3.1.5 of your statement in page 5 where Regiments and McKinsey were now negotiating a master service agreement with the acting...the then acting chief executive...Chief Financial Officer, I'm sorry, and this is at the time that you joined,...you rejoined Regiments. Can you tell us what was envisaged by this master service agreement, and who where to be the service providers, and what service or services were anticipated to be rendered to Eskom.

[00h49:03]

Ms Mosilo Mothepu - My knowledge with regards to the master service agreement is quite limited because if you recall those negotiations were between McKinsey and Eskom. But I am aware that it was for the management consulting services which included the cost savings on procurement, generation, primary energy which is the coal contracts and the establishment of the Eskom's top engineering program. The unfortunately the detail I cannot give you because I only got sight of the, we were supposed to be their contractors so I didn't have sight of that main MSA.

Advocate Vanara - You then get to be allocated a boardroom at Eskom and access cards, the work begins, what then happens? Can you take the committee through the nature of the transactions that you guys were working on? Can you advise whether these transactions or how you got to work on these transactions? Were there any contracts between your company and Eskom?

Ms Mosilo Mothepu - So as soon as Mr Anoj Singh was appointed in October 2015 we presented to Mr Prish Govender, he was a program director and we took him through the initiatives, and so that the board would appoint McKinsey and then McKinsey would appoint I will say Trillian now. So the first, we started working on the Duvha 3 insurance claim. We were instructed by Mr Anoj Singh in December to go see Marsh, Marsh were Eskom's insurance advisors on the Duvha insurance claim, and there had been...there were three options or four options that Eskom had to select. And they had to now settle the claim and then commit to rebuild the boiler. So we acted as financial advisors for Eskom. We had I think two meetings with Marsh, we met with the Eskom's head Ms Jacqui kilani and eventually Eskom chose the option. Then it was the corporate plan, so we assisted at Regiments, Mr Andre Pillay who was the acting treasurer I believe at the time his team, to put a funding plan for Eskom. Their funding plan essentially related to the sources of debt

that Eskom would raise on the capital markets in the way of bonds, development finance institution loans, local bonds, international bonds, project finance, ECAs, different kinds of instruments and then of course how they are going to do with the rating, the credit rating downgrade and how essential they can be financially sustainable.

[00h52:48]

So we assisted his team over some months in finalising the funding plan for Eskom. I believe this this work was carried out at Regiments also we were asked to provide advice on the China Development Bank loan of 500 million dollars...

Advocate Vanara - I'm sorry...

Ms Mosilo Mothepu - Sorry, yes?

Advocate Vanara - Just before we move out of the Eskom funding plan. Who represented Regiments Capital team in this transaction? And who represented the Eskom team?

Ms Mosilo Mothepu - It, from the Eskom side, it was Mr Anoj Singh and Andre Pillay and then from the Regiments' side, it was Eric Wood and myself and the rest of my team as well.

Advocate Vanara - You also dealt with the work done on Duvha 3 power station insurance claim, in respect of that transaction, who represented or who are the officials you worked with from Eskom? And who are the officials you worked with from Regiments?

Ms Mosilo Mothepu - On the Duvha claim, it was Mr Matshela Koko and Mr Anoj Singh from Eskom and from Regiments was Eric Wood and myself and Faheema Badat.

Advocate Vanara - Can you then go to the third transaction you worked on?

Ms Mosilo Mothepu - The third transaction was the China Development Bank loan of R500 million dollars. The Chinese Development Bank had presented Eskom with an offer and we were asked essentially to analyse the offer in terms of negotiating the turner, the structure, the interest rate and negotiate some of the financial covenants. So we negotiated a longer period, a shorter... I mean a lower interest rate and made and negotiated some of the financial covenants to be slightly less stringent. The team there at Regiments was Mr Louis Schutter, Grant Joseph and this transaction was completed at Trillian by Themba Mapasa. And then there was the analysis of the 30 billion Goldman Sachs loan. Eskom's side was represented by Mr Anoj Singh and Mr Andre Pillay and some representatives from Goldman Sachs, and from the Regiments side it was myself and Eric Wood and Faheema Badat. This transaction was not finalised. And then on the online vending; we started working I think in October with the technical team, they wanted to finalise the strategy for to have the master vendor and then take the RFP out to tender. So we were essentially transaction advisors on this transaction. The Eskom representative there was I would say...I dealt with Mr Prish Govender and from my team it was myself and Eric Wood and some other junior members that assisted Eskom on this transaction... through...

[00h57:00]

Advocate Vanara - The analysis of the Goldman Sachs 30 billion rands loan facility, in concluding that transaction you made a remark that the transaction was not finalized.

What do you mean the transaction was not finalised?

Ms Mosilo Mothepu - I think, what I read from the media because I had already left Trillian, that Goldman Sachs decided not to go through with the transaction. So Eskom did not get the 30 billion rand.

Advocate Vanara - On the China Development Bank loan facility, you're referring to annexure D and E. Can you just in brief explain to the committee what these annexures are?

Ms Mosilo Mothepu - If I can take you to page 66. So these annexures are essentially emails between Grant Joseph and myself asking, it says, 'as requested please see attached' and if you go to page 68 it's written 'Eskom Treasury' we just had to do a market comparison of how the loan priced and was structured given Eskom other loans just to see how competitive it was. And then we gave advice to the client, we felt that it was too expensive and too short so we negotiated a lower interest rate and a longer time frame given where Eskom's debt was at the time. So the annexures is essentially just proof of work done.

Advocate Vanara - Similarly on the Eskom funding plan, you on page 8 make reference to an annexure C. Can you just explain to the committee in brief what this annexure C is?

[01h00:45]

Ms Mosilo Mothepu - So annexure C starts on page 60 and that is correspondence between my team and Mr Andre Pillay who was acting treasurer at the time. And we had a section to do, so the Regiments team and the Eskom team we divided work into who would be responsible for each section of the funding plan and so this is just an email from myself saying; "Dear Andre and Nonthle, attached please find my comments on the funding plan".

Now I didn't include the entire funding plan because I didn't want the bundle to be too bulky but I can provide you with the attachment if the committee wishes. And then you have also 61, you've got just another email from a colleague of mine just proving that we worked on this. So it's just correspondence between the Regiments representatives and the Eskom representatives. If you go to page 62 you have Andre Pillay essentially saying; "Hi Mosilo and Faheema, attached the funding chapter for review. I will send to Anoj in the meantime". So we were essentially assisting Andre Pillay's team in that funding plan.

Advocate Vanara - So basically this is evidence of work by the company rendered to Eskom

Ms Mosilo Mothepu - That is correct. I just realised that the funding plan is attached, it starts on page 63.

Advocate Vanara - Can you then go to the fourth transaction ma'am?

Ms Mosilo Mothepu - Fourth, is that online vending or is that EFC?

Advocate Vanara - You're done with the online vending, I think it's the...

Ms Mosilo Mothepu - Yes...

Advocate Vanara - ... EFC...

[01h03:05]

Ms Mosilo Mothepu - Yes, EFC. So EFC as I've gave the committee the background that EFC was a non-core asset that needed to be sold off Eskom's balance sheet. They wanted to sell it to financial institutions so that

they can get some cash from this non-core asset. We dealt with the CEO of EFC Mr Mike Bashi and his Chief Operating, I mean chief financial officer. They give us information with regards to evaluations that the board approvals and we assisted them with regards to doing an evaluation model, financial forecasts, putting together a due diligence room where prospective bidders could come and get information so that they can understand the asset and eventually make an offer. So we were essentially the financial advisors to in assisting Eskom selling of this non-core asset. The responsible person there was Mr Matshela Koko.

Advocate Vanara - Annexures H, I and J in brief what do they entail?

Ms Mosilo Mothepu - These are, Regiments had met with the representatives from Goldman Sachs who were also going to assist Eskom in the disposal of EFC. So these are just the summary of the minutes of that meeting. It starts at page 102 and it goes on just in terms of the disposal and the questions that we had to ask Eskom, so that was just to show that we worked on the transaction. If you go to page 106 it's also...

[01h06:01]

Ms Daphne Rantho - Sorry, sorry to the speaker, we, our files go up to 100. Ja, up to 101. So we don't have the hundred and six and 100 and something, it goes only up to 101. I hope we get the attachments that are left behind.

Advocate Vanara - Thank you Chair. I can confirm that we did receive all the attachments they making reference to and I suspect that the printing might have been the problem but we do have all the annexures.

I can confirm that I've gone through their annexures. But without necessarily going through the annexures as the author of the document you could just give us a sense of what the annexures are about. You say there are minutes... of meetings that took place between your company and representatives of the company that you've mentioned. Is that also evidence of work that you guys did for Eskom?

Ms Mosilo Mothepu - Yes that is correct. As evidence that we did for Eskom and just to provide this committee with documentation as supporting my statement.

Advocate Vanara - The insurance claim management in relation to Hitachi settlement. Of what work, if any, did your company do in this regard?

Ms Mosilo Mothepu - It was on the same basis as I think the Duvha claim. We were transaction advisors, I was quite far removed from this process but the annexures L and M, once the committee gets the bundle, it is also supporting documentation on the advice that we gave to Eskom with regards to the Hitachi claim.

Advocate Vanara - Think there's one... Ok, I think we've covered the transactions. Now, you're a service provider, you have clearly don't work for Eskom. The next thing one would expect is payment for services rendered. Did your company receive any monies for the services rendered?

[01h08:56]

Ms Mosilo Mothepu - Before we go to payment, can I just take you through the- during this process of working, we were the, McKinsey, Eskom and Trillian had put a steerco committee together that met on a monthly basis to update the committee on these initiatives and McKinsey 's too.

The first meeting was on the 9th of February 2016 and then the last one was on the 31st of March 2016. Now during this time while we were working, before the payment, McKinsey in March told Eskom, Mr Anoj Singh,

that Trillian had failed its global risk review. If you recall, Trillian had to undergo this process because it was a new supplier development partner. So on the 31st of March during the steerco I was present, Ms Bianca Smith was present, McKinsey's representatives were present and Mr Anoj Singh, Mr Matshela Koko, Edward Mabolane were present when McKinsey made the announcement that Trillian had not passed the global risk review. The only payment that I was aware of was the corporate plan but that was a Trillian Management Consulting invoice of about 30 million rand which was made on the 14th of April. I received a call from Mr Edward Mabolane telling me that they need Trillian's BBBEE certificate because they wanted to process payment, obviously I was not aware that an invoice had been issued and I was quite surprised because well there was no contract between Eskom and Trillian and Trillian and McKinsey.

[01h11:08]

And so he dealt with Mr Tebogo Leballo on that issue. So from a payment perspective, that was the only payment that was done during my tenure of the 1st of March to the 22nd of June. The other payments I became aware of when senior counsel Budlender invited me to be part of his enquiry and he showed me, I'm going to ask later on if I can give you a copy of the report which has the invoices of as annexures which outline the payments made as to these transactions, but this was now after me leaving I think they were paid in August. So essentially Trillian was paid up I think just under 600 million rand for these transactions and the other management consulting contracts without the contract. But and one thing I like to say with regards to this work I'm not sure if the transactions were completed because there is, the proposal was that it was going to be on a success fee so I'm not sure if EFC was sold, I'm not sure if the master venda was appointed, so I'm not sure if the milestones were reached. And also on another point, I always raise this concern that the Eskom management whether the Treasury or the technical team they all think they had the capacity to essentially complete these transactions without advisors. And I don't believe that that 600 million rand is worth, I mean, the advice we gave Eskom is worth 600 million. Because I believe that the capacity is there and was there. There was a lot of resistance from the team with regards to us, the consultants, helping them. So that was also a concern of mine.

[01h13:34]

Advocate Vanara - Now in your view the internal resource you say were resistant to your supposed expertise, what do you attribute that resistance to?

Ms Mosilo Mothepu - I think when you have internal people who are qualified, who have the capacity to essentially complete a task, I think you only need consultants if there's no capacity, so they had the capacity so of course I think from their point of view they didn't understand the...or justify the need of a consultant because in most cases they actually knew the subject matter before, I mean much more than we did because they were part of the business. So I would say that the support came from executive management, but the actual technical teams were very resistant understandably so to consultants coming in, doing their work essentially, who were assisting them when they essentially have the capacity.

Advocate Vanara - The meeting, the steering committee meeting of the 31st of March 2016 between representatives of Eskom, Trillian, and McKinsey; there was one individual missing from that meeting and that's a Mr Eric Wood, are you aware of the reason why he couldn't join the meeting?

Ms Mosilo Mothepu - I am. We had the meeting, all representatives were present; McKinsey, Eskom and Trillian. From Trillian it was myself and miss Bianca Smith. That is when now McKinsey made the announcement that Trillian had failed its global risk review. So the meeting actually stopped, it didn't

continue. Us, as consultants, we were asked not to be present so we left. And I called Eric and I told him that that's what has happened. And he said no, he had a conversation with Mr Anoj Singh the previous evening and Mr Anoj Singh had communicated to Mr Eric wood that McKinsey's global risk review committee had declined Trillian, so essentially the envisioned partnership was not going to happen. So essentially meaning that Trillian does not have...will not have a relationship with McKinsey, no Eskom, so he didn't feel the need to be present at that meeting.

[01h16:42]

Advocate Vanara – It would appear that you raised concern that you continued working at Eskom where there was no contract. That I pick up in page 10 of your statement par-3.10.4. Who did you raise these concerns with and how were these concerns addressed?

Ms Mosilo Mothepu - After speaking to Eric I went back to the office in Melrose Arch and I raised that concern with him because I said well, our team had started working at Eskom with anticipation that a contract would be signed but now that has not happened; so we have to now stop working there because now it is in contravention of the PFMA and any other legislation. And he said no, I shouldn't worry about it he will speak to Mr Anoj Singh. We had submitted a response, an RFP, I think sometime in February. Eskom wanted a panel of financial advisors and Trillian had submitted its proposal, so he said no, maybe he can appoint us through that process. And I said no, but it's a competitive process, it just cannot happen, but unfortunately my concerns fell on deaf ears. He says no, I shouldn't worry Anoj will sort it out.

[01h18:12]

Advocate Vanara – The McKinsey supposed relationship falls off because they do not deem the company a suitable business development partner; you then start negotiations with another company called Oliver Wyman Consulting firm, can you just take the committee through those negotiations.

Ms Mosilo Mothepu - Yes, in May 2016 now that McKinsey had communicated that Trillian not going to be its supplier development partner, Trillian started negotiating with Oliver Wyman. I believe there was a meeting between Eric wood and Salim Essa and Martin de Wet of Oliver Wyman, and they wanted to essentially have a corroboration agreement, where they will work at Eskom in Transnet. In my submission it's annexure 'O' there is an email there essentially saying that Mr Salim Essa will speak to Mr Anoj Singh with regards to the change management and Eskom's requirements and then also exploring interest of the shale gas strategy. So the plan was to essentially maybe replace McKinsey with Oliver Wyman. I left; I resigned to the following week so I'm not in a position to find out if that collaboration was implemented.

Ms Daphne Rantho - Sorry Advocate, you are left with 2 minutes.

Advocate Vanara - The responses... ok in concluding let's just deal with the responses by the minister of public enterprises on the questions posed by Honourable Mazzone on the relationship between Eskom and Trillian. You canvas that on paragraph on page 12... pages 12 to page 14; can you just sum up the ministers response and the accuracy thereof.

[01h20:50]

Ms Mosilo Mothepu - Thank you, if I can just beg your indulgence I need to just give you a background. I went to the public protector, the former public protector Ms Thuli Madonsela, and I gave her a statement

with regards to my allegations that Trillian was at Eskom and they worked without a contract and I made other disclosures with regards to Denel, SA Express and Transnet. So what had happened, my statement was leaked to a Sunday publication I think on the 23rd of October 2016 and a few days later Eskom on the website denied that they have any contracts with Trillian and that they never worked on the Duvha claim and the China Development Bank loan and Goldman Sachs. So I believe this...so the first denial of Eskom was as a result of that Sunday Times expose', and I believe this question with regards to does Trillian have any contracts with Eskom and how much was paid. So the Minister, unfortunately, I'm not in a position to...she was misled and her responses. In as much as it's true Trillian did not have a contract with Eskom, they said they're not been paid a cent; they've been paid 600 million rand. And they even went further to deny the work that we had done. So it was not just a question of money and contracts but also the denial of the work done. So this response by the Minister is unfortunately misleading.

Advocate Vanara - The last question Chair, I just need to place this on record. Eskom around October issued a statement around the relationship between the company and ...or Trillian. You've had sight of that media statement from Eskom; can you comment on the accuracy of that statement.

Ms Mosilo Mothepu - In terms of the accuracy they do say Eskom does not have a contract with Trillian which is true, but the second part is not correct because they say that we didn't work on the transactions which is not true. So it's...and they deny paying Trillian which is also not true. So they confirm no contract but that the latter are misleading unfortunately.

Advocate Vanara - No further questions Chair.

Ms Daphne Rantho - Thank you very much to the evidence leader and thank you very much for the responses that we got. I will now give over to the members to respond or to ask questions or to respond to my request.

Honourable Gordhan - On a procedural matter Chair, could we have a short break for the members to consult with you on how we proceed on this matter; 2 minutes.

Ms Daphne Rantho - That's fine ok, and I will give you a chance to have a break also if you need to go to the ladies. Mr Swart, do you want to say something?

Honourable Swart... [Inaudible]

[01h24:58]

Ms Daphne Rantho - No, no media will be speaking to you. You do not respond to any media and no media must go close to you. Can the securities please take care of that? Thank you.

[01h25:20 - CONSULTATIVE BREAK]

[01h30:57]

Ms Daphne Rantho - Thank you Honourable members we are going to continue with the questions that would be coming from the evidence leader. Everybody's settled now and we can then continue. Are you ready Advocate? Are you ready, ok continue then.

Advocate Vanara - Ms *Mothepu* you had just finished your response in relation to the response of Eskom. I have received permission from the committee that we could proceed with our session. Your company did not only do business with Eskom from what I gather from your statement is that the same players were at Transnet before migrating to Eskom; is that a fair observation from myself?

Ms Mosilo Mothepu - Yes that is a fair observation.

Advocate Vanara - And that the same modus operandi in terms of the kind of business proposals that you've gone through with the committee at Eskom, these were also done at Transnet albeit in a different context; is that a fair observation?

Ms Mosilo Mothepu - Yes, your observation is fair, but as you said the transactions were slightly different because Transnet and Eskom have different requirements but the modus operandi was the same.

Advocate Vanara - Can you share with the committee the transactions at Transnet, we'll later on come back and deal with other issues, but for now let's just focus on the transactions at Transnet that you deal with in pages 14, 15, 16, I think to page 20 of your statement. Can you in summary just take the committee through those different transactions?

[01h34:15]

Ms Mosilo Mothepu - With pleasure. When I joined in 2015 June, Regiments was Transnet financial advisor on the financing of the 1064 locomotives. Before I joined, Transnet had signed a 2.5 billion dollar loan with a China Development Bank, Regiments was the financial advisor led by Mr Eric Wood and his debt capital markets team. So when I arrived in June 2015 they had made a decision because of the cross currency swaps made the loan expensive they wanted to raise local currency loans to make the...to plant the interest rate. So the team had already started meeting with several banks in South Africa to raise a 20 billion rand so that Transnet didn't want to draw down completely on the 2.5 billion dollar loan, they wanted to at least blend it with the with the club loan. So we met, me and my team, at Regiments we met with several investors, the banks, the asset managers. We met them in Johannesburg; we flew down to Cape Town as the pension funds are also here. And I eventually led that transaction, so the club loan was successful we raised 12 billion rand through Absa / Barclays, Futuregrowth, Old Mutual specialised finance and future growth. I essentially liaised with Mr Garry Pita, Mr Phetolo Ramosebudi and the Treasury team in terms of the finalisation of that loan negotiated with the banks. I spent a good 6 months on that transaction and to the point where I was asked to write for Mr Garry Pita when there was a media signing. I had to give him information so that he'll be able to answer the media questions and essentially that's what my team did. Now what is outstanding and quite shocking is that Regiments was told that they will not be paid an additional fee for this loan as they had already been paid a fee for the 2.5 billion. So I think they wrote a letter to Transnet and Transnet declined the additional fee. So you can imagine my amazement when I read an Amabhungane article that Trillian asset managers were paid 93 million rand for their transaction role for the club loan. I'd already resigned at this time and the response was; McKinsey had a contract with Transnet, Regiments was McKinsey's supply development partner and Trillian Asset Management was Regiments supply development partner.

There's no truth in that, Trillian had no role. In December 2015 there was no contract or relationship between Trillian and Transnet for them to justifiably invoice R 93 million. And I believe the parliament was also misled in that question. I think after that article there was a parliamentary question with regards to Trillian's role in the origination of that loan and what I've just said was repeated. I don't understand how that miscommunication can be so blaring. I worked on that transaction at Regiments. I didn't even know the word Trillian in November 2015. So, essentially Trillian Asset Managers simply invoiced Transnet R 93million for absolutely no reason. I mean, just to lighten things even my bonus was not great because I worked on that transaction and I was told by Eric Wood that your bonus is not good this year because you worked on a transaction that didn't generate fees. So now imagine when I realised in August that the fees were actually paid to Trillian. Now Regiments has gone on record saying that they did the work, Trillian did not do the work and Trillian so simply just invoiced...I don't understand how that can happen. So, essentially another instance where the Minister unknowingly misled parliament on a Trillian transaction.

[01h40:08]

Advocate Vanara - Ok the Minister would get an opportunity to have a say on how she got to respond in the manner in which she did. I would like us to do to focus on the relationship between Trillian Capital Partners and Stan Shane. Who is Stan Shane? And what was the relationship between the Trillian capital partners and him?

Ms Mosilo Mothepu - There's a company called Integrated capital, they are a financial advisory corporate finance boutique. They are Melrose Arch and Stan Shane is the CEO and executive director. He has other partners in the form of Mr Marc Chipkin and Clive Angel. I later found out, I think on the 31st of March 2016, that Integrated Capital established Trillian; so they performed all the company registration the opened the bank accounts. Marc Chipkin was the director of Trillian Financial Advisory and Clive Angel was the director of Trillian Capital Partners until the 1st of March when we moved across and became partners. They were essentially very operational in the running of Trillian as I said, they controlled the bank accounts, they made strategic decisions that made operational decisions. To our dismay because we thought, no but we are exco, why is it that Mr Salim Essa, Eric Wood and the three Integrated Capital Partners make all the strategic and operational decisions at Trillian, while we are directors and essentially will bear the director risk. So this was a bone of contention for us. Mr Stan Shane, I later found out that he chairs the Transnet acquisition and disposal committee. So I didn't understand how he could be or maybe I'm not sure if he declared his conflict because he essentially established a company where he...that company does business with Transnet where he's a board member. And I'm not sure if he disclosed the fact that he established that company, and the fact that he gets her R700k a month, and then I was told by Eric Wood on the 31st of March that for their reward for setting up Trillian they will also get a shareholding. I'm not in a position to confirm whether that actually happened. So I also alerted this potential conflict to the former public protector in my statement.

[01h43:16]

Advocate Vanara - The Transnet Engineering African Expansion, can you take us through that particular transaction?

Ms Mosilo Mothepu - Certainly. Because Transnet had embarked on a very ambitious 1064 locomotive program, they were faced with the problem of having old diesel and locomotives that were going to replace the new ones, but they identified that there is a potential revenue generating opportunity where they can refurbish these old locomotives and on sell them into the African continent.

So Eric Wood, while we were still at Regiments proposed an SPV structure and he asked me to go see the Transnet engineering team to essentially propose this SPV structure and how it will financially benefit Transnet. And he asked my team and I to put a proposal, so that is what we did. And then he asked me to ask the...Tebogo Leballo, the finance director to generate a 10 million rand invoice, and I said no but you can't, I'm not going to do that because well we haven't been appointed and we haven't done any work. So I gave Mr Clive Angel a copy of the proposal and he sent it to Mr Tham Jiyane on the 22nd of February 2016...no sorry, that was on the on the 17th of February so he says Dear Mr Jiyane attached please find, hold on... so on the 17th of February, pardon me, he sent the proposal to Mr Tham Jiyane and then on the 22nd of February he sent the 10 million rand invoice. I would like to place it on record that February Trillian Financial Advisory had no employees Mr Marc Chipkin was the sole director, no work had been done for that invoice. So another instance where Trillian simply invoices for work not done. I think that invoice was paid in June 2016. I left in June and we hadn't done any further work. Eric Wood in his affidavit...an answering affidavit with his court case with Regiments says that invoice was sent prematurely and it was only paid in June because the work was not up to scratch. Well, no work was done and Transnet simply paid. To the best of my knowledge Transnet simply paid 10 million rand for a proposal.

[01h47:08]

Advocate Vanara - We will come back to these transactions, but let's just for the record deal with them separately. The Transnet property database; can you just take us through that transaction.

Ms Mosilo Mothepu - So while we were at Regiments, there was a separate committee called 'project factory'. So essentially it was to identify or analyse Transnet's balance sheet and see if there are other assets that are undervalued or if they can be structured differently so that Transnet's balance sheet can be enhanced. And one of the initiatives was the property, Transnet has a substantial property portfolio and they felt that it was undervalued so once again Eric and his partners at Regiments they had proposed a SPV structure where you would transfer these properties into an SPV and that as PV would essentially use those assets to fundraise and then to refurbished these properties. So we, while we were at Regiments, we were introduced to a Mr Mark Pamensky. He was supposed to be the CEO of Trillian Properties and he worked alongside Michail Shapiro. Later I think Mr Pamensky decided he didn't want to be the CEO of Trillian Properties and he established fuel properties. I'm not sure if he was the CEO of fuel properties or if he just was a consultant, so essentially Transnet Property gave Trillian fuel property access to their portfolio. They went to the ports, they went to various provinces and worked and analysed the valuation of the property and how it and also got accounting opinions, PFMA legal opinions to see 'can this PVP complied with the PFMA' and there was a proposal that was sent in April 2016 and an invoice of around 40 million rand. I think that invoice was just paid and another instance where there's a proposal and Trillian and gets paid. From what I've seen in the media, I believe Transnet issued an RFP and I'm not sure to essentially invite service providers to assist them in that transaction. So I'm not sure if they've been appointed and how far they are in terms of the approval processes.

[01h50:00]

Advocate Vanara - Mr Mark Vivian Pamensky, is he the person you referring to in your statement?

Ms Mosilo Mothepu - Yes he is the person I'm referring to.

Advocate Vanara - You're aware he was a non-executive director at the Eskom board?

Ms Mosilo Mothepu - Yes I'm aware.

Advocate Vanara - We'll come back to... that particular issue. But can we briefly just deal with the South African Express as another state owned company which was your client. In brief can you just draw us to the silent features of the relationship between your company and this state owned company?

Ms Mosilo Mothepu - The relationship started at Regiments. SA Express through CEO Mr Inati Ntshanga and the CFO Mr Mark Shirley were appointed Regiments, I'm not sure how the appointment was made, to a system in section 54 application they wanted to buy or lease new fleet for the airline. And Regiments was the financial advisor in terms of the modelling and affordability. When I started there, there was a funding shortfall they needed 567 million rand and they issued an RFP to the banks and it was subsequently cancelled because they wanted an additional requirement which they couldn't include without cancelling that tender and issuing another tender. So just to hurry things along, there was lack of interest from the banks so Eric Wood proposed a bond issue. SA Express had never issued a bond issue, so through Regiments Asset Management they had identified them as the potential investors. It was going to be a private placement, it was going to be unrated but listed, so while at Trillian my team and myself along with Mr Inati Ntshanga and Mark Shirley we went to see the department of DPE to get the necessary approvals and National Treasury. There was concern with regards to the pricing and the structure and they didn't understand why SA Express could just go to and get a normal bank loan.

[01h53:01]

Eventually it needed a government guarantee. Treasury was not happy with the pricing and they declined the guarantee so the deal...the bond issue never took place and Trillian was paid I think a breakage fee of 5.7 million rand. Now in terms of market practice, when you are lead manager on a bond issue you get paid when there's on the successful placement of the bond. If there's no money you get nothing so essentially I got a that update from Eric, he told me that Mr Salim Essa had a meeting with Mr Inati Ntshanga and he said he will pay us anyway, so we went to go see Mr Ntshanga who confirmed this. Of course after my meeting I said, "no but it doesn't make sense that we get a breakage fee when there's no money in the bank?" And well he just said; "no we will get paid. It was approved by the CEO Mr Ntshanga". So I think of recent, there has been some media reports with regards to the 5.7 million rand that was paid by SA Express. So that's correct but, it says it's for a I think, it's balance sheet optimisation and a funding plan that's not the correct description of the services rendered. That 5.7 million was for advisory service for a bond issue that never took place and of course SA Express did not have a contract with Trillian. I made the submission to the public protector as well.

Advocate Vanara - Just as we wrap up. The prior knowledge of the firing of the former Minister of Finance, let's start with Mr Nhlanhla Nene. How, you seem to have had prior knowledge before this happening. How did you become aware of this?

Ms Mosilo Mothepu - This is a date I think I will never forget, the 26th of October 2016. We were still at Regiments, I normally had informal meetings with Eric in the morning and then he called me into his meeting in his office and he told me that Minister Nhlanhla Nene will be fired. For me I didn't understand the significance of what he was telling me, there have been many reshuffles of ministers before. I didn't understand why he was telling me because we never dealt with National Treasury or the Minister of Finance, so I didn't ask him 'how do you know' 'why are you telling me'. I just said, "Oh ok". Later on in that morning he emailed me a document, a Word document, that essentially outlined the initiatives that the new minister was going to approve, there were about 12 of them and the potential fees that, I would say, Regiments at the

time was going to earn. Now 6 Weeks later the nation of course is shocked at midnight when indeed the former minister is fired. So in the morning I tell him, “oh you were right” and he said, “yes I was” and he told me that a certain colleague of mine his name is Muhammad Bobat, was appointed the advisor to the new minister and his role essentially was to channel all the work from whether it’s state owned companies or a National Treasury to Trillian or Regiments because this was in December. So, Mr Bobat was given the courtesy of a driver going to Pretoria every morning, there, Eric had appointed a PR company to write the new minister’s speeches. They started working on the finance minister’s speech but unfortunately on the Sunday he was replaced so he never got a chance to deliver it, so they had to write COGTA speech.

[01h57:58]

I remember quite clearly that that Friday was a, our Christmas party and Eric Wood and Muhammad Bobat were not present. So on the Monday I asked them but it was the last time that Regiments would have a Christmas party together because next year we’re going our separate ways and Eric tells me, ‘no he spent the whole day with the minister and Muhammad essentially assisting him in his new role.’ I’m told but it’s not that Muhammad complained that he was getting a 30% salary reduction so it was envisioned that his wife would be a phantom employee at Trillian and she would be paid the balance. I don’t know if this ever happened and Mohammed, during my time at Trillian, he spend a quite a significant time in Eric’s office and Salim Essa’s office and he would, I mean you could see in the media that he used to send documents to Eric and Salim and he’s still there. On the 16th of March I was in my office. I used to share an office with the financial director Tebogo Leballo and Bianca was there as well and then he told me that Minister Pravin was going to be removed and I couldn’t hear him, and he because he was whispering because we had an open plan, and then he wrote it down on my book which I still have, I made a copy for you, it’s part of the annexures as well. He wrote ‘change in finance minister’ and of course I was this time I was shocked because the first time I didn’t understand the significance but now I realise that that plan was still happening.

[02h00:11]

Advocate Vanara - Ok. You made reference to a date between your encounter with Mr Eric Wood in his office having this informal meeting. Can you just repeat the date of that meeting, when did that meeting take place?

Ms Mosilo Mothepu - The 26th of October 2015

Advocate Vanara - In respect of the firing of former Finance Minister Mr Pravin Gordhan, on page 26 you then say I think that’s line 1, 2, 3, 4 the beginning of the sentence there you say, “I was shocked as I thought this plan was long abandoned”, what do you mean by that statement?

Ms Mosilo Mothepu - The first minister only lasted one weekend and because the financial market negatively responded and he was replaced by Mr Pravin Gordhan, so I think I just naively thought the plan was abandoned.

Advocate Vanara - Now that you’ve put all the issues on record. There’s just a few issues I just want to converse with you and I require your assistance. Eric Wood and Salim Essa they are not public representatives, is this correct?

Ms Mosilo Mothepu - You are correct.

Advocate Vanara - The appointment and removal of ministers is the responsibility of the state president, correct?

Ms Mosilo Mothepu - That is correct.

Advocate Vanara - On your own version that Eric Wood knew of the removal of former ministers of finance Ministers Nene and Gordhan. In your own understanding of the company which you worked in, the people that you worked with, how would Eric Wood have known of such an impending decisions which later on prove to be accurate?

Ms Mosilo Mothepu – Unfortunately, I cannot speculate how he knew. If you recall my earlier response, I didn't even ask him how he knew. The second time I was told by the CFO Tebogo Leballo. So unfortunately I'm not sure if Salim told him or another cabinet member told him. I mean even on the Nenegate I'm told but it's unconfirmed sources that Eric Wood being a trader, traded on this information so in November he bought dollars because he knew that the removal of a finance minister was going to affect the rand. And the day now when the announcement was made while our investments and the rand was crashing he reversed the trade and apparently made hundreds of millions of rands... I can't confirm this but this is what I'm told.

[02h04:43]

Ms Daphne Rantho - What? The statement that she's doing she's saying... [Overtalking off mike and inaudible]... Can you repeat what you have said ma'am?

Ms Mosilo Mothepu - Certainly [Overtalking]... on Nenegate I'm told but it's unconfirmed because this whistleblower's also scared, that Eric Wood and his people traded on the pre-knowledge of Nenegate because he is a trader, he knew that that announcement was going to affect the rand so he bought dollars in November and when our investments in the rand was crashing he reversed the trade and made hundreds of millions of rand.

Advocate Vanara - Mohammad Bobat went with the minister of, the former minister of finance to Treasury. They listed the periods which is well known and the Minister then was moved to CoGTA. Where is Mohamed Bobat at the moment?

Ms Mosilo Mothepu - He is still working at CoGTA and he is still the advisor to the minister of CoGTA.

Advocate Vanara – Whilst at CoGTA, and you might not be privy to this, but I am in my responsibility to this committee, on Friday we will get a witness and that witness has sent me a statement and in the statement she alleges that Mr Bobat has been meeting with her in line with your earlier testimony of a program or particular transactions that must be channelled to your company and that she would have or she worked with Mr Bobat assisting Trillian to prepare proposals, furnishing inside information from CoGTA to your company. I know you're not be here by the time she testifies and I don't expect you to confirm what she say, but all of that I want to find out in line with your testimony today that kind of practice will it be foreign to your understanding of Mr Bobat's role in the office of a political office bearer?

[02h08:02]

Ms Mosilo Mothepu - Indeed, I was essentially told of the plan about how Mr Bobat was going to use his new proximity with the minister and other state owned companies to essentially channel work to Trillian so that they can economically benefit.

So he was supposed to provide technical and pricing assistance to give Trillian a competitive advantage over other service providers who tendered. Indeed is foreign, I don't...I'm sure it's not his own ethics in terms of being a public servant I'm sure there are many policies that it goes against. So I was told of the plan and the witness that you are referring to was essentially asked to execute it. That is why I had testimony essentially confirms what the plan was and so I was just told and she was supposed to execute it. But the two are completely aligned and of course they have denied this many times but that denial is false.

[02h09:48]

Advocate Vanara - So you might not know where Eric Wood got the information but he would have received this information either from the decision maker or people very close to the decision maker. When I'm referring to a decision make I'm referring to the President who has got the powers to fire and hire ministers.

Ms Mosilo Mothepu - You are correct. In one of the Regiment's bundles in the High Court there's an email that Eric sends to Salim Essa, I think he sent it around 8:30 on the 26th of October, it's the same document that he sent me later but he writes "Hi Salim, attached please find some points for the Minister." Then he tells me that the Minister of Finance will be fired and then he sends me the same document, so I suspect that Mr Essa also knew, but unfortunately I cannot speculate where he got that information from.

Advocate Vanara - From your testimony you can't say that the Minister of Finance who is now on...the former minister of finance, is now the minister of CoGTA knew that he was coming with this special advisor in the form of Mohamed Bobat and that he knew of the plan to be executed at Treasury and through other SOEs; you can't confirm that; is that correct?

Ms Mosilo Mothepu - I can't confirm that because I never had that conversation with him, but what I know is what I was told by Eric Wood.

Advocate Vanara - All you know is that Eric Wood knew the former Minister of Finance was to be fired and there was going to be a new replacement and the new replacement would have a special advisor in the name of Mohamed Bobat and that there were transactions that Bobat would facilitate and channel through your company.

Ms Mosilo Mothepu - That is correct.

Advocate Vanara - This...or these number of transactions that I've lost count of throughout these SOCs, where there was no competitive bidding processes, where there were no contracts, people were paid for a mere submission of a proposal, where you testify that the actual technocrats were not even receptive at least at Eskom to your expertise, and you did mention that there was support though at the higher levels; did you get the distinct impression that Regiments / Trillian was getting these transactions through wrongful conduct of senior officials only. Or were there bigger role players that facilitated these... the award of these transactions and the payment without any contracts.

[02h14: 24]

Ms Mosilo Mothepu - I can't speculate on certain things, but let me just make this enquiry. When I started at Regiments in 2007 to 2010, I was the 8th employee and we had...it was very humble beginnings. When I left in 2010 there were 50 people. When I rejoined them in 2015 there were 270 people and they had what I called Blue Chip public sector clients. So in the time I had left Regiments fortunes had changed favourably. They had the client's of Denel, SA Express, Transnet and I asked the Chief Financial Officer, wow, what's

happening? He said no, it's a new model; we have these guys called business development partners. I later found out, I'm sure this year, that it was Mr Salim Essa and Kuben Moodley. So they brought these contracts, I'm not sure if it was an open tender or...I don't know how they were awarded and they would get a commission; I think it was 50 cents for every rand that was earned through these clients. Salim Essa and Kuben would earn 50 cents after expenses before tax. So, unfortunately I was I was not privy as to how those contracts came about, but it was through with a business development partner.

[02h16:14]

Advocate Vanara - Are you aware of any relationship between Regiments / Trillian with the Gupta family.

Ms Mosilo Mothepu - Eric Wood once told me that he went to Saxonwold, that's all I recall but he didn't say which brothers he had met, but he had been to Saxonwold several times.

Advocate Vanara - Just a last question, I'm sorry to...I read a lot of these statements so...I did read in your statement and if it's not in your statement please pardon me. Where you say Trillian contributed millions to the purchase of Optimum Coal Holding by Tegeta, is it correct?

Ms Mosilo Mothepu - That is correct.

Advocate Vanara - What was the relationship between Trillian and Tegeta?

Ms Mosilo Mothepu - Advocate, I was a CEO of Trillian Financial Advisory and an executive director, so even when I left, after I resigned I read the public protector's report and in her report Trillian contributed 235 million rands towards the sale of Optimum. Now, during my tenure, we never discussed this transaction. So it was a surprise to read it in the public protector's report. So when I start connect to my own dots, I see that, and I'm speculating here, the reason why Transnet paid Trillian Asset Managers 93 million, 70 of that went towards Optimum. Of recent there's been a court case I think Transnet pension fund is taking Regiments and Trillian to court over the funds that were paid, because I always ask myself where did Trillian get 235 million rand. We only started operating on the 1st of March. So essentially it means that, my own speculation...that the pension fund...the pensioners at Transnet paid for this mine. So that's actually quite disturbing; so Regiments paid Trillian and then Trillian bought the mine. During my tenure that transaction was never discussed. So this is all my own connecting the dots, I could be wrong. As I said I'm speculating but I followed the money.

[02h19:36]

Advocate Vanara - Ok, let's not speculate, let's keep it factual. It seems that these state owned companies where hanging fruits...were low hanging fruit for Mr Wood and Salim Essa, did you guys have any other clients where you do this kind of work that you've been rendering at these different state owned companies where you've just been on a mere submission of a proposal been raking in these millions of money, where you would apparently be rendering services that the companies that you would be servicing have got the expertise to do exactly the same work you were rendering, where you apparently were also billing unreasonable costs as it would appear on your version, has been a consistent practice right across the state own companies you mentioned.

[02h21:20]

Ms Mosilo Mothepu - The other state owned company that Regiments had was Denel; and Trillian as well. It was not in my statement, I think I made the submission to the public protector; I think I didn't put on my statement because to the best of my knowledge no monies were paid. But Denel was also part of the, I can say, that the state own companies that the business development partners brought in. So while I was at Regiments, Denel had registered a bond programme and Regiments asset managers bought 400 million rand of Denel bonds because to Denel needed cash for its investment program. When I was transferred to Trillian, we assisted Denel. So we dealt with Mr Zolwakhe and I think the CFO's name is Odwa, we assisted them in renewing their Nedbank facility and then they also required... Marius Potgieter I remember he is the treasurer there, he required an additional 220 no...250 million rand from the, I think it was from the Regiments pension...the Regiments Asset Management fund or the Transnet fund, that this transaction was not considered when I left. So yes Denel is also part of the SOCs that we dealt with.

Advocate Vanara - Lastly, the relationship between Eric Wood and Anoj Singh whilst at Transnet, and your experience with the relationship; would you categorise it as an improper relationship or a proper relationship when you look at the number of transactions that your company rendered services on where there was no procurement processes followed, where there were no contracts, where monies were paid on mere proposals.

Ms Mosilo Mothepu - The relationship was inappropriate even I think on a personal level. Sometimes even with the other state owned companies executive, sometimes, I wouldn't know who the client is and who the service provider is, because it looked like we were essentially being given stuff on a silver platter that other companies didn't have. So, Anoj was very close to Eric from the Transnet days up until as I said we used to meet in different Hotel venues when he was seconded to Eskom and while at Eskom. So I would categorise it as an improper relationship. While we were putting together the proposals Anoj Singh would give us information...Eskom information so that to essentially boost our proposal. So while he was on secondment to Eskom and before he was a permanent employee, he would give us information on a memory stick so that McKinsey and Regiment / Trillian would have as you say inside information that other people would not have.

Advocate Vanara - Now Eric Wood has got no competence in law to appoint officials in the public sector; you'll agree with me?

Ms Mosilo Mothepu - Yes I agree with you.

Advocate Vanara - Having this improper relationship and these kinds of transactions at Transnet centrally with Anoj Singh being the key individual in facilitating this transactions; you might not have smelt a rat with him being him, Anoj Singh, being moved now from Transnet to Eskom. But at the time that the same behaviour and the same patterns started emerging what did you make of his transfer from Transnet to Eskom?

[02h26:52]

Ms Mosilo Mothepu - Advocate, I think when I started in June Mr Anoj Singh was already seconded at Eskom, so I didn't have a relationship with him at Transnet. I think in my mind, you know, you gain a lot of knowledge in hindsight, so at that stage I have not connected the dots in terms of the transfer of Mr Molefe and Mr Anoj from Transnet to Eskom. Now in hindsight I see the modus operandi, but before then I was from a...I worked for a Big 4 advisory firm, so I wasn't even aware of the pending movement.

So only now in hindsight I can say ok but that was a modus operandi but as it was happening I just thought because these two professionals had done a good job as the media was saying at Transnet, and Eskom required management to rescue it so just like any other normal person as you read the media reports that these two are going to essentially give Eskom their managerial expertise. So that was my thinking at the time obviously now it's changed substantially.

Advocate Vanara - What do you make of that transfer now?

[02h28:28]

Ms Mosilo Mothepu - I think when you look at Transnet and Eskom they are the largest SOCs with the largest budgets and that modus operandi from Transnet where you had Mr Anoj Singh at the helm and Mr Molefe and you had McKinsey and Regiments and they were getting big fees for big transactions; I'm not sure what the procurement model was there, I don't know, I think it was a confinement as well it didn't go out to tender, I could be wrong. And I think they identified that the next cash cow is Eskom and they were transferred and the same modus operandi was supposed to take place; a confinement and essentially big projects – big fees. And of course it had the spanner now when McKinsey had to change its supplier development partner and there was not going to be a relationship with Trillian.

Advocate Vanara - No further questions Chair.

Ms Daphne Rantho - Thank you Advocate Vanara. It is time now to give over to the members to pose questions but Mr Mothepu are you ready or do you need a 3 minutes break or so. Are you ready for the response from the members, can we continue?

Ms Mosilo Mothepu - Honourable Chair I am a lady, Ms Mothepu... [Laughter]... no we continue. [Laughter]

Ms Daphne Rantho - [Off mike inaudible]... My apologies... [Laughter]... Should we then continue asking questions? Ok it's fine.

Ms Mosilo Mothepu - Yes let's continue.

Ms Daphne Rantho - Alright, ok, members. Honourable Singh, Honourable Swart's, Honourable Luyenge, Honourable Mazzone and Honourable Dlamini and Honourable... [Off mike inaudible]... In that order, Honourable members can we continue?

Honourable Singh - Thank you Chairperson. I was waiting for you to call other names, that's why I paused there for a while, but thank you very much and thank you Ms...

[02h31:17]

Ms Daphne Rantho - But you are Narend Singh, neh? The... [Laughter]

Honourable Singh - Not Anoj ja, just... [Overtalking]

Ms Daphne Rantho - Not Anoj, A... [Overtalking]

Honourable Singh - Next time you say Singh just make sure you say Narend Singh, [laughter] that's me. And we're not related by the way let me declare that [laughter] because I know in other cultures everybody who belongs to a clan is related, I'm not part of the clan. So just to make that very, very, clear.

Ja no, no, Chairperson thank you very much and thank you Ms Mothepu for coming forward and thank you Advocate Vanara for those questions that really help us moving forward. I asked this questions about the witnesses that came here and I want to ask you it again because I will ask it of every witness that comes so that I can satisfy myself and I think the public can satisfy themselves that we're dealing with the objectivity here and credible witnesses and I'm not casting any aspersions on you but just want to compliment you for coming forward to give this evidence to the committee. You spoke about threats earlier on, I just want to know maybe in this environment you're quite comfortable, secure, but have you received any threats of any sort outside of this environment after the articles appeared in the media? And related to that Ms Mothepu is I just like to know where you are at this moment in time? Where are you employed? Are you, what do you think, what is your purpose in giving evidence to this committee? I know you've stated that you were going to make yourself available. You want to help. I noticed that you have a legal team around you and I think it'll be helpful to let the committee know, you know, is this legal team your team? Or do they belong to an NGO? Are you funding them? Are they being funded by somebody else? So that we can understand where you come in.

[02h33:16]

And then in the same vain Ms Mothepu you, I note here in your statement to us number 13 on page 27, 'Trillian's response to my disclosure' and I'm reading what's written here, 'Trillian has instigated numerous baseless and frivolous criminal and civil charges against me in an effort to discredit me. These include fraud, cybercrime and information theft charges which are before the NPA for a decision'. Have you received any information from the NPA as regards to whether they have actually formally charged you or where are we with that with that particular matter? And my last question related to that Chairperson is, you said early on that there was a fees paid to Trillian. 93 million which you read in AmaBhungane and I think that took you back that they said there was no fees. Do you think perhaps that out of this enquiry one of the things could be that some money could be paid to you that is owed to you and are you looking forward to that? Thank you.

Ms Daphne Rantho - Thank you Honourable Singh. Ms Mothepu, I am not sure the question from Honourable Singh that says 'where you are', 'where are you employed', is it not going to put you at... It's up to you but it's up to you to respond to it. I'm just questioning other members also, but I'm not saying reject the question, you are going to respond the way you want to respond to but you are not bound to do that.

Honourable Singh - Chairperson, if it's going to put her at risk then I think I can withdraw the question, if it's going to put her at risk but we don't want you, you know, we want people to know where you are.

Ms Daphne Rantho - You can respond then to the question from Mr Singh.

[02h35:29]

Mosilo Mothepu - Thank you for the questions Honourable Singh. With regards to your first question threats, no I have not received any threats from Trillian or any other person. Their response to me I think has been more on a legal strategy. Two weeks after my statement was leaked to the public protector I mean leaked to the Sunday Times, I got a call from a constable telling me that my former employee had opened a case against me. I think that 10 charges, fraud, cybercrime, conspiracy, corruption, contravention of my employment contract, everything in the kitchen sink. They are baseless, they are frivolous, they are essentially designed to smear me so that attention is taken away from what I have to say and essentially focused on me, and so for me it's a smear campaign.

I received a call from this constable's telling me that because of who these people are and the political situation he has to be seen to deal with my matter, to expedite it and I asked 'him who are these people and what does politics have to do with a matter between me and my former employee?' So we put a lot of pressure on me to go and see him without my lawyer, I told him absolutely not. He sent me various SMS's telling me I must, 'I'm complicated life for him', I must go without my lawyer and issue a warning statement he's going to take the case to the NPA without my input. I mean this was on the, 7:30 in the morning on the 30th of December. So I mean my lawyer has many years of working, we've never seen a situation where SAPS takes a case to the Hawks in such a speed. I still till this day don't know which charges are sitting at the NPA they are waiting for a decision. My lawyer who is sitting next to me, rights to Mr Shaun Abrahams and unfortunately we haven't gotten a response. With regards to the fees, I've been blessed. I think the first... The first six months I was alone so I had to essentially incur my own fees, I got a call from the Legal Resource Centre because they view the case of Trillian to be unconstitutional so they pay half his fees. And then I got also support from Pluff a NGO based in Paris who support whistleblowers who are also paying for my legal fees. In terms of that, so it wasn't just the legal the criminal charges.

[02h38:47]

There's also two Labour Court matters that Trillian has instigated against me. They want the sign on bonus back because I was supposed to stay there for two years, they are accusing me of contravening my confidentiality clause in my contract, even though I explained to them that the information I gave was only to my lawyer and the PP as per legislation. And of course I instigated a CCMA matter as well with them for constructive dismissal because the environment at Trillian was unbearable. Where am I employed? Very simple, I'm not employed. It's been quite difficult because, sorry...

Ms Daphne Rantho - Ms Mothepu, when I met you I told you if you want to take a break, you are allowed to do so.

Mosilo Mothepu - No I want to continue.

Ms Daphne Rantho - Ok

Ms Daphne Rantho - Since leaving unfortunately I haven't been employed I've had many many interviews, very uncomfortable conversations relating to 'what if I'm charged and prosecuted?' 'How can they hire me?' Which I believe that's why now Trillian decided to have the smear campaign against me. I'm deemed a 'political risk' apparently because corporate says half their revenue is with government, 'what happens if they hire me?' 'So are they going to take a risk?' So it's been 16 months, still nothing but I'm hopeful that somebody will take a chance. The purpose of my testimony, I decided to go to the public protector to essentially assist her in her State of Capture report. So that was my first purpose, I said 'you know she's investigating State capture and she doesn't know Trillian's role and I can only assist her', of course we know where that is in the courts and then I went to Budlender and at least some of what I said was verified.

[02h41:22]

I've never wanted to be in the media, I've never wanted to tell my story to the media, I wanted to be a private person and assist constitutionally empowered bodies to get to the truth. So I'm here because I want to tell the truth, there's been a lot of media about Eskom's relationship with McKinsey or Trillian's relationship with Eskom and I am as surprised as everybody, well actually I'm more surprised because I know the truth, I mean.

When now at the results presentation at Eskom and they say they paid Trillian because they were McKinsey's supply development partner, when Mr Anoj Singh knew that they were not, you know. So you guys read about things and you have an opinion, for me I know that that's absolutely not true. So for my purpose is to tell my truth and assist this committee to find that truth. So in terms of my legal, Daniel is my lawyer because of the Trillian criminal charges, he assisted me in my statement and I just felt comfortable to have him here. I know that this is not a, the environment is not, I'm not an accused but I just thought it will be helpful for him to be here.

[02h42:46]

Honourable Singh - Thank you Chair, she's been really helpful for answering those questions. Thank you.

Ms Daphne Rantho - You, Honourable Swart. Honourable Singh you are holding us up.

Honourable Swart - Chairperson, I'd firstly like to thank the witness for coming forward, you've shown great courage and resoluteness to come and give your testimony here to us and whilst the people you've implicated will get their opportunity to respond. I just want to say from my side thank you for what you've taken, the stand that you've taken, and that you've have been resilient and it's highly regrettable that you haven't been able to find other employment given your high skills that you have displayed and that you've shown us. I'd like to first just ask you to clarify that you were investigated by the Hawks and you received an investigation from a Constable very early in the morning who seemed very anxious to continue with the investigations against you without your lawyer being present. But contrasted with that, have you been approached it all by the Hawks to give evidence in the state capture report that they're supposed to be inquiring, and the public protectors findings which are binding the only aspect of the public protectors remedial action that has been taken on review relates to the appointment of a commission of enquiry? Or the factual findings stand they have not been taken on review by any person in that regard Trillian is predominant and there is a lot of information around the role that Trillian played, so I'd ask you have you been approached? Because we know that the public protectors report was referred to the NPA and the Hawks a year ago in terms of the public protector's act and it would amaze me if the Hawks have not approached you given their enthusiasm they had in trying to, I would say, intimidate you but in what they might say in pursuing a criminal complaint against you?

Ms Mosilo Mothepu - With regards to my own chargers, I issued a statement and this was in January this year that was drafted by my lawyers and we haven't heard anything from them yet. But in terms of the public protector's remedial action, I have been waiting for the Hawks to come and ask me questions. I watched Mr Shaun Abrahams a few weeks ago saying that the various phases that the public protector had requested to be implemented like Transnet to Trillian, Trillian Eskom. He said they were in the process of implementing, they have not approached me. So I'm waiting for the day they give me a call and I'll be happy to assist them.

[02h46:21]

Honourable Swart - So, can I understand this correctly that the Hawks pursue or the police pursuit an investigation against you but to date you have heard nothing as one of the main whistleblowers in the whole State Capture Report, you have heard nothing from either the Hawks or the NPA relating to State Capture?

Ms Mosilo Mothepu - That is correct.

Honourable Swart - Well I find it absolutely astounding given the undertakings that we've been given and I personally in parliament have said there is nothing to prevent institution of criminal and civil action against

those that have been...allegations have been made in the public protectors report and other and I'm totally shocked, but thank you for telling us that and again thank you for coming forward. I'd now like to quickly deal with the Budlender report. Now you've probably read the Budlender report and it is a scathing indictment against Trillian. What is of Concern to me is the conclusion that Mr Budlender makes after he says the management of Trillian obstructed it's investigation and it's very clear why and you can clear evidence as to why it was important to keep this level of state capture hidden. He says there must be a full investigation and he says it must happen without delay because the malfeasance is continuing; do you have any information about the ongoing malfeasance that is continuing.

[02h48:03]

Ms Mosilo Mothepu - In terms of the Budlender report it was I think from the report, if you say have I read it; I'm half of it. I'm the one who provided him with the information. I flew myself down to Cape Town; spent a day or two with his team. It's actually quite scary that as you said things are continuing, unfortunately as I've said I have left Trillian and right now I only know what the media reports on. So up until June 2016 when I'd left Trillian, my knowledge is just like any other normal person, I just go on what the media reports on. But absolutely it's still continuing; that's my own sense. I don't think it stopped. And for me, the minute I heard that this enquiry was going to happen I wrote to you, I think three months ago and in that three months a lot has happened. So I just, you know, asking you, pleading with you let us get to the bottom of this, let us complete the task and let us take action because every single day that there's a delay, they get away with her so much more.

Honourable Swart - You mentioned the modus operandi and the fact of what would happen at Transnet with Mr Anoj Singh, Mr Molefe and then it seemed, if I understood you correctly to say, the next target was Eskom. And there is ample evidence about that in the public domain, but I'd would like to just read you a sentence from an Eskom enquiry reference book and this is a booklet that was provided by the academics research document and it states that 'by shedding light on the modus operandi of a network of implicated individuals and recognised brokers South Africans are starting to join the dots. The plausibility of any claim that reported irregularities are random or unconnected as would be the case with generalized corruption or maladministration has diminished. Instead more and more information is coming to light that seems to corroborate claims that a coordinated political project of state capture has been underway, whereby government structures have been systematically re-purposed to serve corrupt interests.' Now your personal knowledge of the move of the finance minister, the information that you had and the information now about Trillian; would you agree with that statement that is made? Thank you.

Ms Mosilo Mothepu - 100 Percent.

Honourable Swart - And so you would fully agree that this state capture would go up to the highest level and given the fact of the prior knowledge of Mr Eric Woods that the Finance Minister was to be reappointed; would it be correct to assume that President Zuma himself was aware of this. Thank you.

[02h49:55]

Ms Mosilo Mothepu - Unfortunately I cannot speculate what the president knows and does not know about.

Honourable Swart - Thank you Chairperson.

[02h50:30]

Ms Daphne Rantho - Thank you Honourable Swart. We must avoid putting the witness at spotlight because there are very sensitive things that are out there or know the information is out there but let us protect her as much as possible as we can. Honourable Luyenge.

Honourable Luyenge - Thank you Chairperson. Maybe in appreciating your statement and input in this session Ms Mothepu by taking this kind of a responsibility, zeal and effort to make a contribution to salvage the country. I wish to refer to the poet Rudyard Kipling and I got in his poem if I quote, 'if you can keep your head when all about you are losing theirs' and it continues to say 'and blame it on you, you will be a man my son'; then in this instance you will be a good daughter as a woman. So the man, in the name of a human being. Ms Mothepu what I just want to ask from you in relation to what you have said and what you have written in your statement; can you anticipate or have you ever had a session with the Ministry concerned about this issues where the SOEs are also accounting too? If yes, what has been the response? I've seen that you have on a number of occasions engaged some other organisations where you were reporting this trying to assist all those who wanted to unearth this kind of a problem that is faced by the country. But is there any instance where one of such institutions came back to you to get further information or letting you know as to what is it that they do with the information that you gave them, including the public protector. As it relates to the payments that have been done without any kind of work having been done, as an executive manager at Trillian were there any other institutions that were benefitting out of this exercise expect these SOEs that you have mentioned here, even if it's privately owned businesses whom Trillian was providing services to. So was it not new to you to experience such kind of gross irregularities as it relates to the Public Finance Management Act in particular as it relates to the SOCs, so is there any other experience outside this that you know that Trillian is also part of? Or is this Trillian, was it only established to work around this state owned enterprises? If that is the case how did you regarded the partnership of Trillian and Regiments; was that a legitimate or scrupulous kind of a partnership that you can talk of. Thank you.

Ms Daphne Rantho - Thank you and over to you Ms Mothepu.

Ms Mosilo Mothepu - Honourable member thank you very much for the kind words. With regards to feedback from government institutions, I haven't received any feedback from the public protector since I saw her in September 2016. I've been working on I will say with the Budlender report; I assisted the Eskom G9 enquiry, I gave them a copy of the Budlender report. But I haven't received any feedback in that regard. Any other departments? No, I haven't received any correspondence or feedback from them. Parliament is the first I would say constitutionally empowered body to call me to testify since going to the public protector. When you ask about the other institutions benefitting; the business model of Regiments and Trillian was they're a financial advisory company that focuses on public sector. They boast of relationships and expertise in that sector, so that was a business model. Now when Regiments Advisory was acquired by Eric Wood and Mr Salim Essa that focus of public sector remained. So it didn't have any private clients and it was only, I think, they were trying to do work for the provincial government - the Free State and the North West; but I was not privy to what kind of contracts, what kind of work. So it was those state owned companies that I've listed and potentially North West and Free State province.

[02h58:50]

With regards to the legitimate relationship between Regiments and Trillian; I think for me you know when things happen you have red flags, but I think I started connecting the dots quite late and that I think that's why it led me to the public protector. I thought maybe, you know, the invoices were just...the invoices without contracts, without work done, I saw now this is a pattern and I was excited to be part of a black

management team that was going to give and transform financial advisory services to the public sector, but then I soon saw that I was essentially used for something very perverse. So no, it's not legitimate at all. And it's unfortunate that they are, you know, colleagues of mine who left Regiments, and I hear from the media that those colleagues were paid 3 months and they're now sitting at home. So this whole Trillian saga has affected people's lives and careers, and they also left Regiments to go to Trillian thinking that they're going to be part of something groundbreaking and unfortunately the dream was very, very perverse.

Honourable Luyenge - Lastly Chairperson. Transnet before Mr Brian Molefe came in was in tatters in relation to finances and then during the era of Mr Molefe it actually improved a lot; and then also Eskom before he came in it was in real problems when it gets into finances also, then also came Mr Brian Molefe and then we had no alternative but to give pat on the shoulder of Mr Brian Molefe because since he came into Eskom there was tremendous improvement. Then after all that, after all that there are these revelations; what can you say to us because we also need counselling is these members.

Ms Mosilo Mothepu - Honourable member, unfortunately I cannot comment on Mr Molefe's competency, I'll be speculating. But I am a believer in black transformation and excellence. Even if he had played a part in the transformation or the turnaround of some State on companies, it doesn't take away the fact that a lot went from under his tenure.

Ms Daphne Rantho - Thank you Honourable Luyenge, then it's Honourable Mazzone.

[03h02:26]

Honourable Mazzone - Thank you Chairperson. To our witness allow me to say that you are brave and you are courageous and as things get worse remember one thing, you strike a woman you strike a rock, and never forget that and stay resilient. Because if more people were like you our country wouldn't be in a state of capture, so I commend you for your bravery and I wish you a lot of well going forward and I thank you for doing what you're doing for your country today. No matter how tough it is you've done the right thing and history will judge you kindly and please don't forget that. Chair, am I right in saying that consultancy firms are employed and in South Africa we have a habit especially in our state owned entities of the employing these consultancy firms on the basis that we don't have capacity, but from the evidence that you've just given us, Eskom had more than enough capacity and did not require the use of a consultancy firm; am I correct in my understanding?

Ms Mosilo Mothepu - You're correct.

Honourable Mazzone - Ok. So Chair, this brings me onto why McKinsey had such a lucrative contract with Eskom in the first place because McKinsey worked with Regiments and then when Regiments then broke away and became Trillian so their relationship was then used, and let's be honest Regiments and Trillian were simply the BEE front that McKinsey needed in order to operate within the South African ambient; this we all know.

[03h04:05]

Now at the time that McKinsey informed the steering committee that they had failed the global risk review, that was the 31st of March 2016, but there is, and it's in the public domain, there is evidence that McKinsey had actually sent letters to their firms in the US in the UK informing them that there were possible problems and possible breaches with internal South African laws and regulations; while you were at Regiments and

working with McKinsey and going into Trillian, did you know of any of these letters that we exchanging hands between McKinsey South Africa and McKinsey US and UK?

Ms Mosilo Mothepu - No, I wasn't privy to those letters. Mr Eric Wood was the negotiator representing Regiments / Trillian. I wasn't privy to any of those correspondences.

Honourable Mazzone - Right. So you've also told us that McKinsey had information that it would give over on flash drives on, memory sticks, you said. Now, it sounds to me rather odd that that companies are exchanging information to their clients coming directly from the State because Eskom is a state owned entity; can you just explain to us a little bit more about what kind of information would cross hands between the State Eskom, McKinsey and Regiments. What sort of things were we talking about? Because we know that in your book you have it written down where someone said to you, you wrote down the finance minister is being fired. So we know that that happened, can you just give us some kind of indication of what other information was exchanged between the three.

Ms Mosilo Mothepu - It was Eskom's turnaround strategy, the corporate plan, minutes of board meetings, some Treasury policies; so that's what I remember.

Honourable Mazzone - That's what you remember?

[03h06:24]

Ms Mosilo Mothepu - Yeah.

Honourable Mazzone - That's absolutely fine. Now I'm on page 12.5.1.3 you discuss the R600 million that was paid over from Eskom to Trillian. Now, sorry I didn't introduce myself; my name is Natasha Mazzone and I'm the one that asked the question about Trillian in the first place. And as you know the answer came back that no work was done for Trillian. So I suppose if one wanted to play devil's advocate, strictly speaking, the Minister was right in saying that there was no contract because there was no contract, but work was being done. So clearly that is in violation of every South African finance regulation that we have. I mean, to think that any amount of money, never mind a sum of R600 million, would be transferring hands without a contract is simply ludicrous. I mean, it's very difficult for any of us to grasp that anyone thought they could get away with it in the first place. That particular R600 million that was paid over without a contract, what are the details of why that money was paid over, what was the excuse that was given for that R600 million being paid to Eskom.

Ms Mosilo Mothepu -The payments that related to the work that I did, actuarial and financial advisory, only came in I think in August and December. So it was after my leaving I only discovered those paid invoices when I sat with Advocate Senior Counsel Budlender and realised that they were eventually paid.

[03h08:08]

Honourable Mazzone - So you don't know what the...it was for the work that you done but you had no idea that the work been paid for?

Ms Mosilo Mothepu - Yes, I'm going to give the committee a copy of the Budlender report. At the back there are annexures and the outline; I think one invoice is just over 100 million and it lists the projects that I took you through at Eskom that they were paid for that work.

Honourable Mazzone - And then Chair, my final question because I'm finding it very difficult to wrap my head around also the actions of the Hawks; are you quite sure that in your interaction with the Hawks, all they wanted to speak to you about was in relation to the chargers that have been brought against you and at no stage did they want to question any of the issues that you rose as red flags and concerns.

Ms Mosilo Mothepu - You are correct.

[03h09:01]

Honourable Mazzone - Thank you, thank you Chairperson.

Ms Daphne Rantho - Thank you very much. Honourable Dlamini.

Honourable Dlamini - Thanks Chairperson. I think I must commend you as well Ms Mothepu, like my other colleagues, on your bravery on speaking the truth. Now my first question; you were the executive director and the CEO when you went to with your team to Eskom, you were given access card to go and work there without any contract, anything, did you think personally you breach the business ethics in terms of how you should conduct yourself as a professional and also as a business leader to get to that environment regardless of what was said.

Ms Mosilo Mothepu - Thank you for that question. We were given the boardroom and the access cards in October 2015, I was still at Regiments so I was...I had not been the executive director yet. But here's something that I need to actually point to The Honourable members; I've been a consultant for 15 years and when you work with public sector because you will maybe put in a submission or a RFP, and because they have tight deadlines they'll say you are the preferred person, we are just waiting for board to approve it. But I'm told this project has to be completed by 3 months but the board is only sitting in 2 months, so you work in the anticipation that the supply chain and the PFMA regulations will be approved. So that is what we did at Regiments and at Trillian; that we were told that the MSA was being approved by board, it's being negotiated, it's just a matter of time for it to be approved, and we...Matshela *Koko I remember at one* meeting said that he had approached National Treasury to approve the deviation of appointing McKinsey and he had gotten a legal opinion. So work was continuing while these processes were happening concurrently. And even though it's...you are right it's a contravention of the PFMA, but I think it's the nature of the beast that sometimes public sector approvals take a long time, but when you have to appoint a consultant because of the tight timelines, you just...they start working on the anticipation that it'll be approved. So that was the basis of our appointment.

[03h11:50]

Honourable Dlamini - Thanks, that is a very scary arrangement in that world of consulting. That because to me, I think the approval it's not something that one can anticipate or you can secretly arrange to say someone no, no, no, start working...look like you're going to be approved. But I thought the board, whoever, the committee that makes the final approval it goes independently to say we'll look at the documentation as they are. But let's leave that one. Focus on the time as an executive. Did you know that you work for a company that knowingly it had no contract, did you under your tenure as a leader and the CEO, did you have subcontractors under Regiments or Trillian. Did you have any subcontractors that you worked with them? How was that relation structured; was there appointment letters, were there SLA, what was the structure if there were any subcontractors when you were working there.

Ms Mosilo Mothepu - I would say we didn't have subcontractors on the main body of the work but some transactions required legal opinion. So we would subcontract a law firm to see what the PFMA had to say about it a certain transaction and how it had to be complied with. We got accounting and opinions with regards to the transfer of Transnet's properties to the SPV. So we only used, I would say, service providers that provided the core competency that we didn't have which was legal, accounting, and tax but in terms of the core work that I described in detail earlier, we didn't have subcontractors for that work.

[03h13:54]

Honourable Dlamini - Salim Essa and Eric Wood...I'm not sure if they were non-executive directors of Regiments and Trillian on that arrangement, how were they paid under your tenure as a CEO; did they get salaries, were they getting commission, were they getting bonuses? How was their actual personal benefit? But also were there any other companies that your CFO paid, except the ones that you're saying they're providing legal services or other services, were there any other companies that received payment from this company this Trillian and Regiments.

Ms Mosilo Mothepu - Mr Salim Essa was the 60% shareholder of Trillian. He was not an executive director and I don't know if he got paid on a monthly basis. Eric Wood was the group CEO and if I recall the conversation I had with Tebogo Leballo his annual remuneration was R36 million a year. With regards to other companies, Trillian paid Integrated Capital, if you recall my earlier statement, R700 000 for advisory services. That's the company that's headed up by Stan Shane for advisory services. So, and then Fuel Property Mark Pamensky, I'm not sure how much they were paid... I think it was in the region of 4 million a month to conduct the Transnet property due diligence and proposal. So those are the two independent companies that Trillian paid.

Honourable Dlamini - The company...did you make any donations to any NGOs, political parties. Was there any requests that as a company you must make a donation either through NGOs or any political party during your time when you when you were there?

Ms Mosilo Mothepu - Not to my knowledge.

[03h16:18]

Honourable Dlamini – Ok, no thanks. I think lastly the two companies that you were saying they're independent...my last question...what was the terms of relations, did they have SLAs or you were just told to pay them, did you have those contracts with those two independent companies. Thanks.

Ms Mosilo Mothepu - The Integrated Capital, the 700 000 per month, I don't know if there was an SLA and Fuel Property I'm not sure if there was an SLA. I was a CEO, so I'm assuming that if there was one I would have signed it. But I never saw one and none was ever mentioned to me.

Honourable Dlamini - So you are saying as a CEO, you've never seen those contracts where one company was paid R4m a month, they never came to your desk.

Ms Mosilo Mothepu -That's correct.

Honourable Dlamini - Thanks Chair.

Ms Daphne Rantho - Thank you Honourable Dlamini. Honourable Gungubele?

Honourable Gungubele - Thanks Chair. I must just also join the chorus mam about the good work you are doing for your country. I think it is correct to express that view so that you know you are not just doing it for anybody, you also do it for your kids, your generation, because when these things happen they don't just affect you as an individual they affect a lot of other people. But just quickly, I just wanted to ask you a question that amongst others; having known that there have been these irregular invoices, you're being a financial senior there, did you process any of these in your capacity as employed in the manner stated?

Ms Mosilo Mothepu - Thank you Honourable member for the kind words. No, I didn't process any of the invoices. Let me share with you if you doubt me. Trillian didn't have policies, processes. Eric Wood would just simply walk into finance and ask for an invoice. Finance doesn't ask for a contract number; even if you see some of the invoices, well all of them there's no contract number. So he just asked for an invoice and finance obliges without any questions. So I think that was part of Budlender's terms of reference to understand the corporate governance structures at Trillian; they were really not there and I think that's why those invoices were just simply sent to the state own companies without the financial director, Tebogo Leballo, asking for copies of contracts or anything like that.

[03h19:55]

Honourable Gungubele - In what capacity regarding yourself did they land in your desk so that you are able to see that they are wrong.

Ms Mosilo Mothepu - They never landed on my desk. I think the first invoice it was in February 2016, I was still at Regiments at that time, and I only realised later when I joined Trillian that the invoice was sent. The other 40 million rand relating to the property; I was copied and I didn't understand what that invoice meant. It was only later on then I realised it related to that proposal. And I think what had happened is I kept asking too many questions so Eric Wood had asked a junior member to ask the finance director to generate the invoice. So I think with me, if I'm copied it takes me a while to read an email, but then when I have time I go through my inbox and then I realised no it was for that. And of course, you know, as a director I understood my fiduciary responsibilities and I kept asking quite the difficult questions and I think maybe that led to the breakdown of my relationship with Eric because it was always don't worry I'll sort it out; and of course the Companies Act requires much more than don't worry I'll sort it out because essentially I beared the fiduciary risk.

[03h21:34]

Honourable Gungubele - Having interfaced with those concerning transactions, beyond asking questions what else did you do?

Ms Mosilo Mothepu - No, it wasn't asking questions, it was more this is not right.

Honourable Gungubele - Expressing your concerns.

Ms Mosilo Mothepu - Yes I expressed them formally with Eric and then also the first Exco as well, I wanted it to be minuted. I've provided the committee with extracts of that meeting; the first time I raised concerns that we do not have contracts. Of course you're told 'no don't worry it will happen.' And if you look at the...I think when maybe you have faith in your boss and you just act in good faith that these contracts will be signed soon. But you don't ever think that this is a bigger picture and it was only later on, I think, when I started to see that this is a pattern, then I saw the bigger picture.

[03h22:35]

Honourable Gungubele - Were you aware if these invoices were on going, being processed, who exactly was processing them in the company?

Ms Mosilo Mothepu - They were processed by the CFO Mr Tebogo Leballo and they were processed by, the Transnet ones were co-signed and processed by Mr Gary Pita and the Eskom ones I'm assuming by Mr Anoj Singh. From what I saw the invoices at the back of the Budlender report that they were addressed to him.

Honourable Gungubele - In other words Tebogo was processing them without asking the similar questions you were asking?

Ms Mosilo Mothepu - That is correct.

Honourable Gungubele - Transnet, the clarion word that you are putting across is that these invoices were based no contract. Was this situation of invoice claim without contracts, is it something that you were able to witness in the Transnet side before Molefe and Singh came to Eskom?

Ms Mosilo Mothepu - The first invoice that Trillian sent to Transnet was the 93 million club loan one in December 2015 and then the others were later on in February. So in terms of ...I think I am I'm not sure what dates Mr Molefe Mr Anoj Singh left Eskom I mean Transnet to go to Eskom to essentially compare when did the invoices start.

Honourable Gungubele - In other words, the question I'm trying to put across is that, is the tendency of contract less invoices there's an evidence in both Eskom and Transnet between those institutions and Trillian?

Ms Mosilo Mothepu – Yes, you are correct.

Honourable Gungubele - A statement that one of the justification why Trillian would be in relation with Mckinsey and Trillian would represent black empowerment, what is your comment on that?

Ms Mosilo Mothepu - I think my comment would be when a state-owned company appoints a large international advisory firm, they always insist on a black empowerment partner so that the skills are transferred so that the next round that black empowerment partner will be able to do the work without the large international advisory firm. So that was the basis of the Regiments being McKinsey's BBBEE partner and later on Trillian because of those regulations if I can say.

[03h26:22]

Honourable Gungubele - My last two questions is, maybe the first one is a follow up on this one. Is that, did Trillian meet that requirement? Two, what was the motivation of Eric Wood getting involved in the reconfiguration from Regiments to Trillian?

Ms Mosilo Mothepu - Can you ask your first question again? Sorry

Honourable Gungubele - My first question was did Trillian meet the black Empowerment requirement?

Ms Mosilo Mothepu - From my own understanding I think it did, but when I read the media publications of late, it look like it didn't but as far as I'm concerned Salim Essa was the 60% black shareholder which meant that Trillian qualified... [Overtalking]

Honourable Gungubele - So that black was himself?

Ms Mosilo Mothepu - ... to be BBBEE... pardon?

Honourable Gungubele - That black was himself?

Ms Mosilo Mothepu - Yes.

Honourable Gungubele - Nobody else?

Ms Mosilo Mothepu - Nobody else.

Honourable Gungubele - Ok.

Ms Mosilo Mothepu - Sorry I think I'm getting tired, your other question again?

Honourable Gungubele - My question was, I'm just curious as to know if Eric Wood was playing a key role in Regiments? Being senior as you are as if I'm correct, what motivated the reconfiguration into Trillian?

[03h27:54]

Ms Mosilo Mothepu - Ok now I recall. Some of this I'm only getting in the media... From, as I explained, Salim Essa and Mr Kuben Moodley were Regiments Capital business development partners and they got 50% of the fees. From what I read from the affidavits of the Regiments director, it looked like the Gupta's offered Regiments... they offered to buy Regiments in its entirety and the two partners, Mr Nyhonyha and Mr Pillay refused and I think Eric thought the deal was very, very competitive and so when they parted ways they agreed that he will take the financial advisory division and the management consulting division and establish a new company with Mr Essa. So that is why that led to the acquisition of that part of the business.

Honourable Gungubele - Say it was an adaptation for meeting Gupta interests?

Ms Mosilo Mothepu - I cannot speculate, I can't speculate on the Gupta interest... [Overtalking]

Honourable Gungubele – The reason I'm asking the question is that you're saying, if I'm correct, Pillay and somebody else when the Guptas made this approach they objected, and Eric thought the deal is good; it is in that context I'm asking that question.

Ms Mosilo Mothepu - Yes it's in that context.

Ms Daphne Rantho - Thank you Honourable Gungubele, Honourable PG.

Honourable Gordhan - I must teach you my surname now Chair. Thank you and let me also start by, Ms Mothepu, complimenting you on your courage and your integrity and I think as a committee we would all agree that we should appeal to the corporate sector not to discriminate against honest people [Honourable members agree] and courageous people, those are the people who should be supported in our society otherwise we'll become a rotten kleptocratic South Africa, as a lesson that is a collective message I haven't consulted anyone on that. But perhaps as an opening statement ma'am, could you say what would you advise be to public servants who are placed in awkward positions when they're asked to do or undertake tasks which are a violation of the constitution, of the PFMA, not in the interests of the fiscus of this country? In today's South Africa, what should honest public servants do?

[03h30:58]

Ms Mosilo Mothepu - Thank you for the kind words Honourable Gordhan. I would say they have to resist because if now you are afraid that you're being given an unlawful instruction by your superior or it goes against your ethics, the fact that you don't have the courage to say no, it breathes the cancer and if more people don't have the courage to say no either because they don't want to be victimized by their boss or I'm hearing people are even suspended for refusing. And of course it comes that a great personal cost to all of them. But if we can all stand together and say no then they wouldn't win and of course I will not romanticise saying no because I'm sure there are many public sector employees who have said no and they find themselves on suspension or being side-lined but, to take a stand because that cancer grows and until the entire body dies and we can't allow that to happen.

Honourable Gordhan - I hope that message will be reported to the public so that people can get encouragement from you. Now, I think many of us would accept the concept or hypothesis developed by the academics that what we are talking about in the various details that we're getting into, is in fact a sinister scheme to both capture the state and to extract from the state as a consequence. But capture is not an abstract process it's undertaken as you have pointed it out quite adequately in your statement by individuals and as we welcome you to the world of connecting the dots, who are the key personalities in what is now merging to you as a fairly systematic scheme that might have started accidentally but has become a system of extraction from the state and with some dire consequences which I'll come back to you in a moment. So you mentioned various names but if you had to put that picture together for us in the public what that picture look like? Who are the key personalities who are collaborating / cooperating / assisting one another in this venture that is being undertaken?

[03h33:37]

Ms Mosilo Mothepu - I can only share from my own experience and I will take away what I know from media. From a Trillian perspective and from a Regiments perspective, I would say the contracts were essentially brought in by two key individuals Mr Salim Essa and Mr Kuben Moodley. So those were the guys that were I would say connected. Every single state-owned company that we've dealt with whether it was Denel, SA Express, Transnet or Eskom, Salim had a relationship with either a board member there or the executive or the chairman and I remember asking Eric 'who is this guy who seems to have a relationship with the entire executive board of the DPE state-owned companies?' He said, 'no he's just a very, he's industrious.' So he, I would say, is the guy that brings in the contracts but of course what facilitates the process is the executive of the state-owned companies and the boards as well, because they have to now approve certain things and pressurise the lower management to execute. But I think it starts higher than I am aware of so I'm not sure where Mr Essa gets his relationships and his instructions; I'm not privy to that.

Honourable Gordhan - But let's help you bit. So, I think that's a very good part of the picture. The other side of that coin, if you like, or of that picture as you've correctly point out individuals in the boards and in the management of state-owned entities. Who are the ones that stand out in your experience?

You've mentioned a few of them in your statement, Mr Singh, Mr Koko and so on and so on. So who are the ones in Transnet, in Eskom which other two key entities that you seem to have dealt with that had these relationships with the Mr Essa [overtalking] or others?

Ms Mosilo Mothepu - Ok, so my response is going to be on the interactions I've had these people and I'm, it's not casting dispersions on them. I'll start with Transnet, it's the chair of the acquisition and disposal

committee Mr Stan Shane, Mr Garry Pita and Mr Phetolo Ramosebudi who was the treasurer and Mr Thamsanqa Jiyane, I never had any interactions with Mr Siyabonga Gama, except the fact that that Transnet property proposal was allegedly given to him. On the Eskom side, it's Mr Mark Pamensky who used to sit on the board, it was Anoj Singh, Matshela Koko, Edward Mabolane and Mr Prish Kumar. Denel we dealt with treasurer Mr Marius Potgieter, the CFO Odwa, I forgot what his last name is and Mr Zolake I forgot what is last name is. SA Express, I had a meeting once with the chairman of the first time I was introduced to him was at Regiments, I think it was September, I forgot what his name was it's in my statement. We dealt with Mr Inati Ntshanga the former CEO and the CFO Mr Mark Shirley.

[03h37:48]

Honourable Gordhan - Thank you for that. I just want to go to some of the detail that you've provided on the work done. So the first of which is on page 8; the China Development Bank 500 million loan facility. If you could just help us please to understand A) Was this facility taken? B) At what rate was it taken and was this the most competitive rate available in the marketplace at the time? You've got something in the presentation and annexure an acronym that starts with 'D' but I'd to understand what does that represent as well? DMTN?

Ms Mosilo Mothepu - On the China Development Bank loan, Mr Anoj Singh I think he had interacted with the bank officials and they had given him a proposal; the tenure, the pricing, the structure. Mr Anoj Singh asked us at Regiments to essentially compare how competitively priced and structured and how the financial covenants were stringent or not stringent. Unfortunately I can't remember the final pricing and tenure but we did reduce the interest rate and we did increase the tenure and the deal was concluded. So Eskom got their money.

Honourable Gordhan - If I can take you to page 89 of your complete pack, is references there to CDB 10.83% GMTN 18.27% and then DNTN 9.74. If you could just explain to us what those things mean?

Ms Mosilo Mothepu - Ok, if you the China Development Bank loan, that was the proposed interest rate. The GMTN was Eskom's last US denominated bond issue when you converted into rand after the cross...

[03h40:02 - END OF DISK 01]

[00h00:00 - START OF DISK 02]

Afternoon Session

Ms Mosilo Mothepu - ...Koko. It wasn't in the original proposal. So we arrived in the middle of the process so even at the tail end. Marsh had already given Eskom a proposal and I think the structure of that proposal is if they can settle the insurance claim quicker and appoint an EPC to start building the Duvha boiler, it will be more financially viable for them. So we did very...I would say very little work on that because they were...they were finalising the options. So we wrote a report essentially advising Mr Anoj Singh which option to take. On the Duvha boiler replacement, Trillian had put a submission via...I think it was an EPC funding model to rebuild the Duvha 3. It surprised my little bit because we knew nothing about boilers and EPC. From what I seen in the media, Eskom had appointed another EPC to build the boiler but Trillian's role there was to essentially review the bids and make recommendation which I thought was quite conflict of interest! How do you know advise on the insurance claim and then put together a submission? And I am told that that submission was never successful. But then also act as an advisor and then you advise Eskom which bid they should go with. And I believe if the media reports are correct that decision has been interdicted.

Honourable Gordhan - That's correct. So this little research booklet actually says that in March 2017 Trillian conducts a high-level cost benefit analysis over a two day period in which Dongfang emerged as the preferred bidder. And of course you're right. It eventually ends up in some kind of court action. Let me then refer you to page 9 again and 3.10. The contractual relationship between Eskom, Trillian, and McKinsey. Now this thing goes all over the show with other players involved as well like Mr Angel and I think, I'm not sure whether Mr Stan Shane gets into this. But if you could simplify this who...who actually benefited? Apart from the 600 million rands that was paid for no work done. How did McKinsey benefit financially? Did McKinsey 'manoeuvre all of this' inverted commas to 'gain some kind of advantage' or was it a collaborative effort between McKinsey and Trillian to just extract funds from Eskom?

[00h03:20]

Ms Mosilo Mothepu - From my recollection after the 31st of March when McKinsey told Eskom and Trillian that they had felt the global risk review committee decision, Trillian I think, stopped working with McKinsey. But that was on the management consultant side. The Witness who is testifying on Friday will know. She had...maybe give a little bit of more clarity. If you recall I only dealt with the financial advisory initiatives and I worked independently without McKinsey. So McKinsey was paid directly by Eskom the 1 billion rand. And Trillian was paid the 600 million, but it wasn't through McKinsey. Eskom paid Trillian directly even after it was communicated by McKinsey to Eskom that that partnership no longer exists or it never existed actually. That it...it was the intention for Trillian to be the BEE partner but the review process was binding and final and it was unfavourable. So McKinsey benefited in the 1 billion and Trillian 600 million. But I'm not sure what happened after I left, if Trillian continued working with McKinsey. I think that the witness on Friday will provide clarity on that.

[00h05:06]

Honourable Gordhan - No thank you. If I can get to your general view on Eskom's financial status and viability. There was a stage even around 2009/2010 when Eskom was a fairly stable entity. You could borrow in fact on the strength of its own balance sheet and Mr Dames, Chair you'll remember gave us that evidence as well. In other words it didn't require any guarantees from the State, which in fact is the situation now that if it has to borrow it has to utilise the guarantee, with one or two exceptions in that particular regard. Do you have any insights to offer us in terms of why, within this and how within this very short period of time - 5 or 6 years – an...a big entity as you correctly pointed out, like Eskom, deteriorates to such an extent in a financial sense, let alone the governance side and so on which we can come back to? What are some of the reasons for its financial decline?

Ms Mosilo Mothepu - Honourable PG it's heartbreaking because I've been following Eskom throughout my entire career. The treasury used to win awards. They were the darling of the capital markets. I think at one point, Eskom had a higher rating internationally than the sovereign. It had good men and women who...I think the corporate governance structures were intact, the management was intact. And all of a sudden there was this Dentons Report and people were suspended and new management came in. And you started seeing a deterioration in terms of Eskom's financial viability. The last bond issue was I think 1.25 billion and it was 18%. That's unheard of! After the suspension and sacking of the previous management, Eskom's credit rating agencies downgraded Eskom, meaning that the test...that the cost of debt now increased substantially because of managerial instability and corporate governance instability. And so you would see how essentially shifts in management affected its financial sustainability. There's a NERSA application this week. I mean...there's 1.6 billion rand sitting with

McKinsey and Trillian but we have to finance for! So it's...I think I'm completely shocked given the fact that Eskom has to play such a pivotal role in economic development and now it's the Sovereign's largest risk - 350 billion rand of government guarantees! It can no longer borrow in its own credit rating. It requires the Sovereign to...to give it the guarantee. And it's quite shocking and quite sad that it has taken 5 years to essentially deteriorate one of, I would say the crown jewels of our state-owned companies. Now it's the Sovereign's largest risk because of changes in the weakening of corporate governance and management that were essentially...acted in the interest of other parties that had nothing to do with Eskom.

[00h08:50]

Honourable Gordhan - Just repeat the last two points for purposes of emphasis. Everybody is very hungry right now so they might be slightly distracted Chair you see. Repeat the last two points. What are some of the principal factors that led to Eskom's decline to where it stands today? And what responsibility should the minister-in-charge take of this...for this?

Ms Mosilo Mothepu - I think it's the executive acting not on the interest of South African people. I mean we're looking at Trillian and McKinsey. There's Tegeta. You have pre-payments, you have guarantees, Eskom management bending over backwards to benefit a few. So if you ask me about advice to the Minister. There have been suspensions. There are investigations. Should those investigations prove that the Board or the executives are in the wrong, then they must be held accountable. And we as a South African people are watching this process very, very closely because we need to have confidence in her ability and knowing that, those who exonerated, let them be exonerated. But those who are found to be wanting, let appropriate action happen so that we can have trust in our public officials but also in our institutions too.

[00h10:37]

Honourable Gordhan - How much do you think the Trillian, Regiments, McKinsey and other allies have now extracted from Eskom? If you had to give a rough total what would it look like? What sums are we looking at?

Ms Mosilo Mothepu - I'm not sure about McKinsey because I...The only number I know is the one billion rand from Eskom. I'm not sure how much they got at Transnet. I would say...From the Transnet – Regiments - hundreds of millions if not billions, because they were there for a while. Trillian probably made about 200 million in its first year from Transnet and then 600 million from Eskom. So Trillian in its first year of operation, essentially made approximately 800 million rand. I'm not sure about Regiments. Unfortunately I was quite junior and I didn't have sight of those invoices.

Honourable Gordhan - Chair if I can move on to Transnet which is on page 14. The locomotive deal that you referred to in 7.1, is that the famous one where, for every 50 million rands there's a commissioner of what 8 or 10 million rands paid over to, is it Salim Essa and company?

Mosilo Mothepu - Yes this was the financing of that.

Honourable Gordhan - Right, but it's that particular deal?

Ms Mosilo Mothepu - Yes it was for the 1064 locomotives yes.

Honourable Gordhan - Okay so what was your...What was the extent of your involvement, number one? And number two, who and how was that scheme set up which could allow somebody to take from the public purse, so to speak, virtually at 20% commission for doing nothing and end up with billions in their pockets? And is that recoverable in your view?

[00h17:53]

Honourable Gordhan - Lastly Chair. You made reference Ms Mothepu to Mr Bobat, who I believe is still an advisor in the COGTA area. And you said that Mr Woods said to you the whole Sunday was spent, I imagine that's the 14th of December 2015, which I recall very well... [Overtalk]

Ms Mosilo Mothepu - [overtalk]...Friday Honourable PG...the whole Friday.

Honourable Gordhan - The Friday?

Ms Mosilo Mothepu - The Friday.

Honourable Gordhan - Oh the 10th?

Ms Mosilo Mothepu - Yeah... before the Sunday.

Honourable Gordhan - Oh before the Sunday?

Ms Mosilo Mothepu - Yes.

Honourable Gordhan - So they were working out a plan there?

Ms Mosilo Mothepu - Yes.

Honourable Gordhan - So that's for the Treasury?

Ms Mosilo Mothepu - Yes and they had appoint....they had appointed a PR firm to write his first Treasury speech as well.

Honourable Gordhan - Right.

Ms Mosilo Mothepu - And they spent the whole day essentially with the Minister in Pretoria.

[00h18:50]

Honourable Gordhan - Ok and in the COGTA era from the 15th or 14th of December onwards - what has Mr Bobat's role been? Do you have any ideas on that?

Ms Mosilo Mothepu - As the Advocate Vanara had indicated, there's another witness who's coming on Friday. She can provide this Committee with assistance to Mr Bobat's role because she interacted with him. As I had said, I was told of a plan and she was asked to execute. But I believe that the intention with Treasury - they took it to COGTA. Whether they succeeded or not...But there were several attempts to send information and to try and get business for Trillian at COGTA. But I cannot confirm if they were successful and I cannot confirm if Trillian was paid for that.

[00h19:40]

Honourable Gordhan - Thank you very much. Thanks very much for everything you've said. [Overtalk]

Ms Daphne Rantho - [Overtalk]... Thank you Honourable Gordhan. We have one Member that wants to ask questions and he is the last Member to ask questions... [Overtalk]

Honourable Shivambu - [Overtalk]No thanks Chairperson, And then thanks to Ms Mothepu for I think the candidness and I think clear guidance in terms of what we otherwise need here as a Committee. It's a commendable interventions that you have given. Do I get your...the summary of your submission to be saying that the Trillian was paid money for work in some instances not done and in some instances was paid more money than the work that they had done. Is that the summer of your submission?

Ms Mosilo Mothepu - That is a summary of my submission Honourable Shivambu. They sent invoices for work not done or invoices for work done but no contract.

Honourable Shivambu - Yes

Ms Mosilo Mothepu - Yes

Honourable Shivambu - And this mostly came from Transnet and Eskom or does it extend to other state-owned companies? [Overtalk]

Ms Mosilo Mothepu - [overtalk] Transnet, Eskom, SA Express. Work at Denel - but to my knowledge they were not paid - but there was no contract.

Honourable Shivambu - I would think chair that we might need to get the information on the SA Express payments to Trillian as well. And what have been the work that was done for Denel so that we cover the whole issue. Are you aware of the money that came from Regiments and ultimately to Trillian that came from the Transnet Second Defined Fund? Because we wrote to the principal officer and he confirmed, I think Piet Maritz, he confirmed that it was 228 million that was sent to Regiments and that money found its way in the accounts of Trillian? Are you aware of that?

[00h21:44]

Mosilo Mothepu - Only from the media.

Honourable Shivambu - Oh yes you you're not part of the...And the second-last question is - the Bank of Baroda, when you were CEO were you banking with the Bank of Baroda because this report by Senior Counsel Budlender says that the hundred-and-sixty million that was given to Tegeta to purchase Optimum Coal Holdings was withdrawn from the Bank of Baroda. Were you banking with Baroda when you were the CEO there?

Ms Mosilo Mothepu - Trillian had accounts with the Bank of Baroda. But I didn't have access to the bank accounts but I know that the Bank of Baroda was one of the bankers.

Honourable Shivambu - Oh so one of the bankers was Baroda? Like you just did not interact with that yourself?

Ms Mosilo Mothepu - Yes

Honourable Shivambu - Did I hear you to be saying that you have...you had seen a document that was detailing what the soon-to-be-appointed Minister of Finance was going to do after Eric Wood had said that there is going to be a new Minister of Finance?

Ms Mosilo Mothepu - That's correct. It's in your bundle.

Honourable Shivambu - Oh ok, no that's fine. I think we'll have to then check to that and then compare with the...with that. I think that there isn't much Chair to...could deal with these issues. I think just quick observation is that we are in a deeper crisis than we otherwise had imagined. Ja... I think that the problem is so much bigger. To actually characterise it as just corruption or theft is an understatement! It's looting at an industrial scale! And the problem is that it's continuing! It's continuing and the criminal justice system is not doing anything about it when there's all evidence that certain decisions can be taken to prevent the continuation of the looting that is currently on-going in South Africa. We really don't know what we'll have to do. Perhaps we must take decisions in terms of how some of these things should be handled in the immediate. Because the looting is continuing and we have to do something. We can't fold our arms. We can't just talk about it and forever and ever and ever, because it is going to collapse the country in any manner in which it is currently. It's...the Eskom situation is worse! They're now asking for money and all of those things. They are asking for increase in electricity prices – it's affecting ordinary people's lives. It's one of the things that we might have to provide guidance on in the immediate. I don't know what we'll discuss tomorrow, but I think that we must perhaps look into what are the interventions that we can give. Maybe the Advocate Vanara will guide in a legal advice of - in the immediate what are some of the things that we can do? Also you remember that we said when we started this process that we have to submit preliminary reports to the National Assembly for adoption. We might need to take some of the issues that before the end of this Parliamentary term, we table and then the National Assembly takes a resolution. So that some of the things begin to be prevented. We can't wait for the entire process towards its conclusion without having intervened in areas where we can intervene now to stop the continued looting sure. And thanks very much Ms Mothepu.

[00h26:02]

Ms Daphne Rantho - Thank you very much Honourable Members. And thank you very much Miss Mothepu for your willingness to come and testify before the Committee. Members I just want to say on behalf of this Committee that is on fact-finding. As you have already heard from u'Honourable Shivambu that, as we are busy with this enquiry, nothing has stopped outside! Outside these walls something is happening! Something new is happening every day and every day! Every day we are being shocked by news that we get!

[00h27:00]

But what you have given us today provides us a first-hand information and I think it also gives a first-hand account on events that you witnessed during your time at Regiment Capital and Trillian. The information that you gave us today it raises a serious allegations of abuse of state resources. But the Committee will further go...will go further to interrogate people that we think they've got the information and people that we think are affected by what you have given us today. You were very bold to come to the Committee because a person with the type of information that you have, would have stayed very far from this Committee, would have not allowed herself to be invited in this Committee, would reject the invitation. But you were bold to come! I hope you will not be vulnerable because of what you gave us today and any intimidation that comes your way - you are a South African. Report it immediately! We will keep in contact with you every time we get information that relates to what you have...you have given us today. We'll keep on maybe contacting you just to check. Also to check on you -

how are you...are you doing well where you are? Any intimidations...we know that we will never have a 24-hour protection over you. But our God has a 24-hour protection over everyone!

[00h28:56]

Thank you very much for the information and thank you to the media. Thank you to the MP's. You're not going to move where you are! Everybody else can move out. The meeting is adjourned. Oh I forgot - our meet...our venue tomorrow has been changed! We are not going to be here. We are going to V475!

[00h29:24 - END OF AUDIO]

[00h31:35 - END OF DISK 02]

