



**10 June 2019**

### **Zondo Commission – Transnet’s Siyabonga Gama to CIO: Procurement is a dangerous game**

The commission of inquiry into state capture on Monday heard how Siyabonga Gama cautioned a compromised former chief information officer of Transnet, Makano Mosidi, of the dangers of procurement, where one could endanger their life if not careful.

The former group CEO is alleged to have said this during a private meeting with Mosidi at a Johannesburg hotel in late 2016. It was at the height of an impasse between Mosidi and then group CFO Garry Pita over the choice of a supplier for a data services tender Transnet had put out. Mosidi told the inquiry that she inherited the tricky procurement event when she took office earlier in June 2016, when the process was already underway for Transnet to procure a data services provider. By evaluation stage the race was down to the wire between Gijima Holdings and T-Systems Technologies.

The five-year contract was valued at R1.9-billion, and Mosidi was going against the tide hoping to overturn an internal recommendation for T-Systems to be awarded, because her view was that Gijima was more deserving.

Gama, having been apprised of both Mosidi’s memorandum of recommendation for Gijima, as well as that of Pita for T-Systems, told Mosidi he wanted clarity.

“Procurement is dangerous. It’s a very dangerous process,” Gama is alleged to have told Mosidi. “If, for example, you scatter a party, which by now people would have shared R5-million, R5-million and you come and scatter that party, you would have endangered your life.

“Are you sure, are you certain, have you done your due diligence in terms of interrogating this process? Are you comfortable in terms of where you’re going to land?” He told her that he wanted to make her sensitive as a new person of the dangers of procurement.

“I said to him yes, I can deliberate on and talk to every point that I’ve raised.”

Mosidi recalled that the conversation happened between only the two of them in late 2016, at Tintswalo Hotel in Johannesburg. Gama had requested that she meet him privately, following an off-site meeting of the executive committee.

For the most part, said Mosidi, her former boss wanted to know that she was sure of her assertion that Gijima, and not T-Systems, should be the preferred bidder for the tender. Their meeting took two hours.

The background to their conversation was that Mosidi and Pita had submitted opposing recommendations for each of the two companies, creating an impasse. Pita’s recommendation memorandum for T-Systems was borne out of the approval of Transnet’s cross-function evaluation team (CFET) that oversaw the tender evaluation process. Mosidi’s view, however, was that Gijima looked like the best prospect, coming in cheaper, despite the two companies having scored similarly

in the technical and operational aspects of the tender. As the business owner for the transaction, Mosidi was required to sign off on the recommendation of the evaluators, or raise objections if applicable.

A red flag was raised when she was studying a file, compiled by group supply chain officer Edward Thomas and containing all the details of the procurement process, at the end of the evaluation stage. Although Mosidi was satisfied that all boxes were ticked in terms of procedure, she was baffled as to how the CFET came to recommend T-Systems, when Gijima would have been a better deal on the basis of pricing. During the evaluation process, Gijima had offered Transnet a drop in their best and final offer, cutting the potential cost of the contract by over R500-million.

Mosidi voiced her discomfort, and this led to a meeting with CFET members. In the meeting, she recalled a heated debate between herself and CFET chairperson McDonald Maluleke, who fiercely defended the T-Systems recommendation, insisting that Mosidi's only job was to sign the memorandum prepared by CFET, which she eventually did, under duress. He factored into his argument risks associated with Gijima, which Mosidi asserted could be mitigated. The rest of the people present appeared to Mosidi to not feel safe to speak their minds on the matter.

Her observation was confirmed when an anonymous letter surfaced a short while later in the inbox of a fellow executive, Disebo Moephuli. In it were allegations that some participants in the procurement process were strong-armed into voting for T-Systems, because "McDonald said it was what the bosses wanted."

An investigation was launched into the origins of the letter – which did not follow Transnet's official fraud and corruption reporting process – but was later abandoned, according to Mosidi. Commission chairperson Deputy Chief Justice Raymond Zondo urged his team to investigate the circumstances under which the probe was stopped, and from whom the instruction to stop it may have come.

Mosidi's conversation with Gama happened soon after the letter surfaced, although she could not link it directly to the incident.

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