



Media Briefing of today Wednesday, March 10, 2010 held at the Department of Public Works, Roads and Transport regarding payments to road construction companies, Kaulani Civils and Moseme Construction

Date: Wednesday, March 10, 2010

Good Morning Ladies and Gentlemen.

- We confirm today that payments totaling R70.5m due to the two road construction companies we have a dispute with regarding their purported appointed were processed yesterday.
- A sum R35m was paid to Kaulani Civils approximately after 1pm yesterday. Proof of payment was faxed to the offices of Kaulani and to the offices of their firm of attorneys.
- Until late yesterday, we were stuck with R35.5m payable to Moseme Construction. At about 5pm, we discovered that the bank account provided to us by them, was inactive and the transaction could not go through.
- We contacted Moseme Construction about this and they promised to revert back to us this morning with their correct banking details so that their payment can be deposited.
- It is important to remind you about the facts we put before you around October/November last year.
- We took a bold step then, informing the nation that more than R1.5 billion of tax payers money, allocated for the department to do road capital projects in the next period of three years- Medium Term Expenditure Framework (MTEF) – was discovered to have been committed already.
- We also volunteered information to the fact that:
 - Within three months, of the current financial year-2009/2010- our directorate for roads had already spent 100 percent of its capital project budget, which was R525m.
 - It is very important to understand our financial situation with regards to the roads directorate, against this background.

- That is why we commissioned a forensic investigation. That is why three senior officials are currently on suspension and have been charged.
- That is why a case was registered with the police who have confirmed that they are investigating.
- In fact, between March 22 and April 19 the accused: Chief Director Roads: Eddie Thebe, HoD, Nic van Staden and CFO Kweku-Odame Takyi, are scheduled to answer to a litany of charges, including of course the irregular appointment of certain road construction companies that also include Kaulani and Moseme.
- Therefore, we had to ask money from Treasury for the said payments because; the directorate for roads had depleted its allocated budget for the current financial year with three months.
- Government work in levels in such situations. We do not have a cash till, or a safe, where bank notes can be readily pulled out, counted and paid to service providers
- Therefore, an amount paid to Kaulani Civils yesterday was agreed to following a series of meetings between ourselves and a delegation from Kaulani Civils. There were also meetings between us and Treasury lasting for hours before payments could be processed.
- One of the conditions that stand out in our offer to Kaulani Civils is that, the investigations currently in the hands of various police agencies, will continue. For us, as government that is very important.
- There is no ruling by a court of law that prohibits the department from paying Kaulani Civils or Moseme Construction for work which they claim to have done on the Koster to Lichtenburg road and on the Sun-City to Phokeng road.
- That is irrespective of the dispute we have with regard to their purported appointment which we have questioned and challenged.
- Effecting payment specifically in relation to these two companies, does not translate into backtracking or capitulating from our own findings as corroborated extensively by the forensic auditing firm PriceWaterHouseCoopers.
- We are of the view that the purported appointment of Kaulani Civils and others was horrendously flawed, making a mockery of procedures as stipulated by Public Finance Management Act (PFMA).
- Included in our offer, was for Moseme Construction to complete the Sun-City to Phokeng road project ``on a without prejudice basis'' pending the finalisation of investigations by various law enforcement agencies.

- Moseme Construction made a commitment to government that they will finish the road project by May 11, 2010.
- We remain optimistic, following the commitment made by Moseme Construction to government that this road would be handed over to Fifa by May 21, 2010.
- Let me conclude by expressing our disgust at the side-show staged by Kaulani Civils at our offices which took a form of a blockade at main gate of our premises.
- This kind of rehearsed act is a very old fashioned trick of trying to embarrass government and draw unnecessary attention.
- Three men in bakkies transported about 25 road workers from Koster to Lichtenburg construction site.
- They informed their workers that the department was holding back their wages.
- It is disrespectful of Kaulani Civils to rent a crowd of innocent workers to stage a protest while the people who initiated and transported them sat in their cars and chose not to be part of the placard-waving crowd.
- Needless to remind the organisers of yesterday's side-show including others that:
- Those who laugh last, laugh best. You watch this space.

I thank you for your time.