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## Media Statement

## Immediate Release

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- 1) How was Mr Riddle appointed to the panel?
  - The Eastern Cape Department of Health (ECDoH) and Coega Development Corporation (CDC) represented by Superintendent General (SG), Dr. Mbengashe and the Chief Executive Officer (CEO), Pepi Silinga respectively concluded an arbitration agreement, wherein the parties agreed that the Tribunal must be constituted by Professionals from three (3) disciplines, namely (i) Professional Civil Engineer; (ii) Professional Quantity Surveyor; and (iii) Chartered Accountant.
  - However, to ensure complete transparency, objectivity and to insulate the process from any perceived or real undue influence, both the ECDoH and the CDC agreed that professional associations should make the appointments without recommendations of the names from any of the parties;
  - Delegated officials from both the ECDoH and the CDC were jointly involved with the administrative process of interfacing with the Associations that were to make the appointment of the Arbitrators;
  - On 15 June 2018, the Association of Arbitrators appointed three (3) Arbitrators which appointments were reviewed by the Association as contained herein below:
  - On 19 June 2018, the CDC, out of its own volition, alerted the Association of Arbitrators of a potential conflict of interest in respect of one (1) of the Arbitrators;

- Consequently, the Association of Arbitrators withdrew the appointment of the potentially conflicted Arbitrator, and another Arbitrator recused himself from the nominated list.
- On 22 June 2018, the Association of Arbitrators appointed two (2) Arbitrators and directed the CDC & ECDoH to approach South African Institute of Chartered Accountants (SAICA) for the appointment of the remaining Chartered Accountant arbitrator to complete the specified three (3);
- On 3 July 2018, SAICA finalised the nomination of the third Arbitrator, who is a Chartered Accountant by profession;
- Neither ECDoH nor CDC raised any objection to the appointments of the last names pertaining to the three (3) Arbitrators and no conflict of interest was identified by any of the parties;
- In addition and in compliance with article eleven (11) of the rules of the Association of Arbitrators, each arbitrator signed and handed a statement of impartiality to both ECDoH and the CDC;
- On 06 July 2018, the ECDoH and CDC agreed on the ground rules that would jointly be proposed to the Arbitrators;
- On 11 July 2018, a commencement meeting convened and presided over by the tribunal and attended by ECDoH and CDC was held, in which meeting the ground rules were outlined by the tribunal.

2) Did CDC recommend Mr Riddle?

NO, neither the ECDoH nor CDC recommended any of Arbitrators.

3) Is CDC still of the view that there was no conflict of interest considering that Mr Riddle had in fact scored multi-million contracts with CDC?

- The CDC is absolutely certain that there was no conflict of interest. It is factually incorrect that Mr Riddle 'scored multi million contracts with [the] CDC'.
- To determine whether there was ever a conflict of interest we took guidance from the following - Conflict of Interest –Definitions from various authoritative sources:
- *A situation that has the potential to undermine the impartiality of a person because of the possibility of a clash between the person's self- interest and professional interest or public interest;*
- *A situation in which a party's responsibility to a second-party limits its ability to discharge its responsibility to a third-party;*
- *Any financial or other private interests or undertaking that could directly or indirectly compromise or influence the decisions;*
- *King IV Practice Note on Good Governance defines personal financial and economic interest as:*
- *A direct material interest of that person, of a financial, monetary or economic nature, or to which a monetary value may be attributable;*
- There is absolutely nothing to suggest that the Arbitrators fell foul of any of the above mentioned prescripts.
- The facts relating to Omega Civils of which, Mr Stuart Riddle was a director, are the following:
- Preceding CDC's involvement Omega Civils was appointed by the Nelson Mandela Bay Municipality (NMBM) contract number SCM 253 – in which the CDC played no part nor did it have any knowledge of the appointment;
- The procurement process under contract number SCM 253 was undertaken by the NMBM prior the involvement of the CDC;
- In December 2014, at the instance of NMBM the contract SCM 253 between NMBM and Omega Civils was ceded by NMBM to the CDC as the dully appointed Programme Implementing Agent (PIA) of the Department of Economic Development Environmental Affairs and Tourism (DEDEAT) and the Eastern Cape Provincial

Planning & Treasury, which funded the construction of the Miscellaneous Civil Engineering Works of the NMBM;

- The contract was ceded to the CDC BY NMB in order to fast track the delivery of the construction of Miscellaneous Civil Engineering Works on behalf of NMBM;
- The correct factual information is that, on the ceded contract, the CDC registered it as CDC/26/15 in its contract records.
- There was never any CDC award nor payment under contract CDC/471/15 to Omega Civils.
- Omega Civils completed the work on the ceded contract, CDC/26/15 on 24 September 2015, effectively three (3) years before the appointment of Mr Riddle by the Association of Arbitrators as one of the three (3) duly qualified Arbitrators.

END.

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**About Coega:** The Coega Development Corporation (Pty) Ltd (CDC) is the operator of the Coega Special Economic Zone (SEZ) in Nelson Mandela Bay Municipality, South Africa. Established in 1999, the CDC is wholly-owned by the Province of the Eastern Cape under the Economic Development, Environmental Affairs, and Tourism department. The Coega SEZ is South Africa's award winning premier location for new industrial investments and a gateway to African and World markets. The CDC aims to provide a competitive investment location and a total business solution for its customers, as well as ensuring sustainable economic development in the region. The SEZ is a fully registered Customs Control Area (CCA), which benefit those qualifying investors located in the zone with various investment incentives (<http://www.coega.co.za/DocumentList.aspx?cmd=browse&objID=80&catID=46>). To date, the CDC has delivered on its mandate to provide socio-economic development for the Eastern Cape, and has enabled the creation 112 974 direct jobs since inception, with 43 operational investors and boasts an investment portfolio in excess of R9.9 –billion (as at April 2019). Four investors are currently undergoing construction of their plants at Coega, they have pledged a private sector investment of R12.1 billion. These investors are BAIC SA (R11 billion), OSHO Cement (R600 million), MM Engineering (R350 million), Akacia Medical (R100 million) and Hella (R53 million). Jointly, these investors are putting a dent on unemployment by creating the much needed jobs during the construction phase.

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