

DGP/001/0007/12

INVESTMENT CONSULTANTS SOUTH AFRICA

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1. The Premier, Mr Mhlaba
2. The MEC for Local Government and Housing, Mr Maxwell Mamase
3. The MEC for Planning and Development, Mr Ezra Sigwela
4. The MEC for Public Works, Mr Thobile Mhlahlo
5. The Permanent Secretary to the Premier, Mr Sinto Mpambane

Dear Premier and Colleagues

Thank you so much for receiving me together with my colleagues from OTV, the French water treatment engineering company, for the second time on 29 June.

The visit was successful in that together with your experts we were able to agree on the Bisho-Kings wastewater treatment project as one appropriate for funding through French Government and other French financial sources.

OTV have submitted the project to their government to be included in the protocol of projects to be agreed with the SA Government RDP programme and for which DBSA will be the agent.

I understand from my French colleagues that DBSA expressed some doubts about the Bisho-Kings project. I do not think you should undertake any action at present, but I have advised OTV to be ready to put the following arguments should it become necessary:

- ♦ the project has the backing of the Premier of the second largest province in South Africa;
- ♦ it is no longer the project of the deeply impoverished old Bantustan of Ciskei which could never become economically viable, but of a new entity, the Eastern Cape Province;
- ♦ the population growth projection of the new capital of the new enlarged Province is now quite realistic;
- ♦ that urban renewal has a high priority in the RDP, as high as, or even higher than, rural water supply in some cases.

I have been informally told that OTV will actively look for funding for the Umtata and other smaller municipal projects which were presented to them.

I am also hopeful, but this is confidential between us, that my colleagues will be able to provide water treatment for one or two communities as a gift. I have suggested to them that when the time comes in the near future, that they ask the Premier for a community which includes a largish regional or district clinic where the water treatment and sewage treatment facilities have broken down, so that they can replace the treatment plant as a gift. That way not only the immediate community but a wider group of people will benefit from the gift. Please recognise that this is extremely confidential, and there is no promise, only a possibility, and that I am making a suggestion about the destination of the gift if/when it materialises.

On another topic entirely:

During my afternoon discussions with MEC Mamase on housing and a hotel, I asked for time for formal proposals to be made to your government by the French construction company who have asked me to be their consultant and representative. I have told them about the projects and they are preparing to meet your government within a few days time to explore them with you. I shall also be returning to Bisho to formally introduce them to the Premier and appropriate MECs at the end of August or very early in September on a date suitable for you.

It was disconcerting to hear that the same projects had been offered to a construction company before I had time to even inform you of the progress being made. It is indeed fortunate that the company concerned turned out to be the one which has me as a consultant. The company is the largest French construction company, BOUYGUES, which bought BASIL READ, the South African Company, some time ago.

To save time, I have asked BOUYGUES to ask their BASIL READ representative to negotiate directly with your government about the intention to construct 2000 to 2500 houses and about the hotel. I understand that the Commercial Representative of Basil Read is Mr David Lawrence. His MD is Mr Gerard Perceau who represents the French parent company in South Africa. I hope that good progress can be made for the mutual benefit of all the parties concerned. I shall ask to be kept informed so that I may be able to find solutions to any difficulties or differences that may arise.

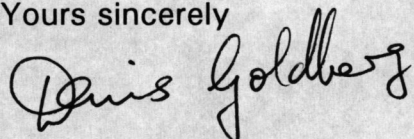
Now that serious negotiations about the projects are about to begin I would like to ask that your Government coordinates the responses of the frontline Departments of Housing, Public Works, and Planning and Development, and of course Finance Department. I gather that the offering of the two projects through me and then through another person may have arisen because they were being dealt with simultaneously by different Departments.

I have proposed to Bouygues/Basil Read that the Human Resource Development aspects of the projects be dealt with through a Section 21 Company which they must finance for this purpose, and which shall have trustees determined by them together with the Premier and/or others.

Real progress is being made

With my thanks and very warm regards

Yours sincerely

A handwritten signature in cursive script that reads "Denis Goldberg". The signature is written in dark ink and is positioned below the typed name "Yours sincerely".