

Firm linked to ArcelorMittal sued

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A BLACK entrepreneur is suing a non-profit company related to steelmaker ArcelorMittal SA (Amsa) for at least R1.9-million after a construction project at the Sebokeng hospital was terminated.

Sefako Technical Support, a construction company owned by Phillip Pooe, said in court papers the Vanderbijlpark Estate Company (Vesco), a non-profit company whose board is appointed by Amsa and is largely funded by the steelmaker, failed to supply it with free steel in time, as stipulated in the contract.

The delay caused Sefako, which would have been paid R6.84-million excluding VAT to build the healthcare facility at Sebokeng hospital, to run out of cash and led it to incur additional and unexpected costs, it said in court papers filed at the South Gauteng High Court. It is understood the

specialised construction steel was to be supplied by an ArcelorMittal plant in France.

Sefako is claiming damages of R42 319.90 for retention payments that were deducted from the money paid over as certain progress targets were met. In addition, Sefako wants R135 444 as compensation for its fence, site office, office furniture and portable toilet at the construction site. Vesco is refusing Sefako permission to remove the assets, it said in the court documents.

The bulk of the claim, R1.8-million, is for lost profits because of the termination of the contract. Sefako is also asking for interest of 15.5% and its legal fees to be reimbursed.

Letters from Absa, Vesco and Amsa show the steelmaker's support for Sefako and that it was aware of its cash flow challenges and the delays in steel supply. It also shows that Sefako has provided a "solid work performance" on other

projects it did for the steelmaker.

Amsa referred queries to Vesco which could not comment as there is a legal process under way. The health facility in Sebokeng is yet to be completed.

The steelmaker said in its last annual report that it is focusing on enterprise development and preferential procurement to improve its empowerment credentials. It spent R1.3-billion on small-to-medium-sized BEE companies in 2011, it said.

Amsa, which had its empowerment credentials independently verified for the first time in July 2011, currently has a level seven rating. It aims to improve this to level five by 2014. A proposed BEE deal, which would have benefitted President Jacob Zuma's son Duduzane, Zuma's financial backers the Gupta family and Deputy President Kgalema Motlanthe's partner Gugu Mtshali, fell through in 2011.