

PPP QUARTERLY

PUBLIC PRIVATE PARTNERSHIPS

Innovative infrastructure and service delivery in South Africa

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PROJECT FINANCE TRAIL-BLAZER FOR BROAD-BASED BEE

In a path-finder move, National Treasury's PPP Unit and the Development Bank of Southern Africa (DBSA) – with determined innovation from the Department of Foreign Affairs' PPP project team – have structured a tailor-made PPP facility to significantly lower the cost of capital for black shareholders in PPP projects, and to support pre-qualified black parties with independent legal and financial advice.

This follows the commitment made by government in the *Code of Good Practice for BEE in PPPs* (issued in August 2004) to proactively pursue these two interventions, both of which are widely understood to be essential if PPPs are to produce the optimal BEE results envisaged in the Code.

The DBSA-managed PPP financial instrument is launched as part of the Department of Foreign Affairs' head office accommodation PPP, now in its pre-qualification stage of procurement. The facility will be made available for other project finance-type PPPs in which a government institution makes unitary payments on agreed quality service delivery by the private party. Interest will be charged according to the risk assessment of each loan, at DBSA cost of capital plus between 1% and 2%.

Comprising three loan elements (A, B & C) and a technical assistance grant element, the facility offers an integrated financing package to black partners in the bidding consortia who are seeking to raise funds for the purchase of equity in the private party.

The **Category A** loan is offered to black companies in the consortia that participate directly in the design and construction sub-contract to the private party. The term will match the construction period, with the balance rolled into the category C facility.

The **Category B** loan is offered over a 15-year term to black companies in the consortia that participate directly in the facilities management sub-contract to the private party.

The **Category C** loan is available over a 15-year term for black companies seeking to take a passive equity position in the private party. Being dependent on dividend flows only, it is therefore the riskier of the loan instruments.

The principle is that the category A and B loans are partly secured by the relatively low-risk revenue streams due to the participants in the PPP sub-contracts, not just by dividend flows.

All the loans will, however, also be secured through cession and pledge arrangements, debt service reserve accounts, various direct agreements with sponsors and lenders in respect of step-in rights, and commitment fees. DBSA security is not subordinated to lender security. Arranging and underwriting fees of 1% apply to each loan.

DBSA will support the black enterprises' performance bonds during the construction phase, but not during operations. DBSA is also expected to provide a small percentage of the senior debt to the private party.

A critical element of the package is a technical assistance grant offer to all black partners in the pre-qualified consortia. DBSA will provide a suitably-capped sum per consortium to allow the black partners to hire quality, independent, financial and legal advisors of their choice. These advisors may be retained for the period of bid preparation and (for the preferred bidder), during negotiations to finalise the PPP agreement. Their services may also be extended for the development phase of the agreement.

For more information, contact TP Nchocho on e-mail tpn@dbsa.org or telephone (011) 313-3911.



NATIONAL TREASURY



unit



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TAX CHANGES TO BENEFIT PPPs

A constraint facing PPPs to date has been that whenever government paid a capital grant to fund a portion of a PPP project's capital costs (either to make the project bankable or to reduce the capital portion of the unitary charge payment through the life of the PPP), that payment was viewed by the taxman as revenue in the hands of the private party, and taxed accordingly. This created the circular effect of government paying funds directly to the fiscus.

The new Revenue Laws Amendment Act addresses this and other matters of VAT on grants to PPPs, together with incentives for inner city regeneration, in a way that actively promotes the use of PPPs in state infrastructure projects.

The law on income tax is amended to make all government grants to PPPs that are procured in accordance with Treasury Regulation 16 to the Public Finance Management Act exempt from income tax, provided that the grants are used for improvements to state land or buildings through the PPP.

The Act then further provides that improvements to the land and buildings that are funded by the private party in a PPP, may be written off over the life of the PPP agreement and that any residual value at the termination of the agreement may also be written off.

These provisions apply both to PPPs involving the performance of an institutional function by a private party and to PPPs involving the private use of state property for commercial purposes, as defined by Treasury Regulation 16.

The tax amendments have the effect of making PPPs far more tax-efficient and will materially improve value for money as the benefits translate directly into lower project costs to government.

PPP Unit Senior Project Advisor, William Dachs, explains the practical implications: "Effectively, a private party making a capital investment of R100 million in developing a public hospital through a 25-year PPP, has a write-off of R4 million per year in addition to capital allowances arising out of that party's ownership of movables such as medical equipment and the like. Should the department of health have made a capital grant of R20 million to the project then that grant will not be taxable – provided that it was used on developing the immovable assets making up the hospital".

National Treasury will, on each project, assess the amount of any capital grant in relation to the required value of improvements to the land and buildings.



CLARITY EMERGING ON **MUNICIPAL PPPs** for 2005 kick-off

In terms of the VAT Act, payments to the private party in a PPP will be subject to VAT at the standard rate. However, if the PPP makes exempt supplies such as education or public transport services, the payment will fall outside the scope of VAT so that VAT is not payable.

This means that payments by government to a private party will not include VAT where the ultimate service delivered to the users is VAT-exempt. However, should the ultimate service provided through the PPP be VAT-exempt, VAT that was paid by the private party cannot be claimed back by the private party as input credits.

"To continue with the hospital example, the grant from the department of health as well as any future payments to the private party through the PPP will be subject to VAT. The private party will be able to claim input credits on all VAT paid," says Dachs.

These important tax changes bring more certainty to the PPP sector and it is expected that further refinements will be introduced to tax laws affecting PPPs.



Draft regulations for municipal PPPs, published for public comment in October, are to be finalised and submitted to parliament this month. Section 120 of the Municipal Finance Management Act, 2003 (MFMA), dealing with PPPs, and the Act's PPP regulations will be effective from 01 March 2005.

The MFMA provides that a municipality may enter into a PPP agreement if it can demonstrate that the project is affordable, will transfer appropriate technical, financial and operational risk to the private party, and is a value for money solution.

For this, the municipality must do a feasibility study, and 60 days before making a decision on whether or not to pursue a PPP, must issue a report on the study to the public for comments. In the same time period, the municipality must also seek the views and recommendations of National Treasury, the department responsible for local government, and the relevant

national department if the project involves water, sanitation or electricity services.

Key features of the draft MFMA PPP regulations:

- A PPP is defined as it is in Treasury Regulation 16 to the Public Finance Management Act (PFMA), but with reference to 'municipal functions' and 'municipal property', both of which are clearly defined;
- Definitions for 'private party', 'affordability', 'value for money', 'project officer' and 'transaction advisor', and the required contents of the feasibility study are also consistent with the PFMA regulations;

• In respect of the PPP procurement phase, the municipality is required to solicit the views and recommendations of National Treasury and the relevant provincial treasury 30 days before bids are invited; and 30 days before bids are awarded, specifically on:

- the proposed terms of the PPP agreement,
- the municipality's plan to manage the PPP agreement, and
- before bid award, the preferred bidder's competency and capacity;

- Principal issues that the PPP agreement must cover are specified;
- No municipal official may be offered employment or consultancy by the private party to a PPP agreement;
- Only the municipal accounting officer may sign a PPP agreement on behalf of the municipality and he/she remains responsible for ensuring effective and efficient service delivery and/or responsible use of municipal property;
- 60 days before any amendments to PPP agreements, the views and recommendations of National and provincial treasuries must be obtained.

Issuing the draft regulations for comment, the Minister of Finance encouraged municipalities to explore new ways to provide much-needed services.

"With the backlog of infrastructure investment at the local level so severe that constrained public finances cannot meet the demand for development, private sector capital can in places fill this gap in a responsible manner," the Minister said.

PPPs FOR IPPs?

Private sector investment in expanding South Africa's electricity generation capacity is to be sought for 30% of the country's power production requirements for the future, possibly through PPP agreements with independent power producers (IPPs). Government has decided that the state-owned enterprise, Eskom, will continue to build 70% of new generation requirements.

The Department of Minerals and Energy Affairs has identified the need for up to three open cycle gas turbine power plants, with a total capacity of 1000MW, operational by 2008.

Feasibility study work is nearing completion, modelling a PPP procurement of these facilities, and a request for qualification is expected to be issued in the first quarter of 2005, following the necessary Treasury approvals.

It is envisaged that the plants will be designed, financed, built

and operated by independent power producers, and Eskom will be the buyer (off-taker) of the power into the grid through a Power Purchase Agreement.

Based on South Africa's projected growth forecasts, new generation capacity will be required from 2006. Eskom will be responsible for the security of supply in the early years, and has therefore commenced with expansion plans.

The IPP open cycle gas turbine power plants will run on liquid fuels and are expected to operate during times of peak demand to ensure an appropriate reserve margin for the country.

A number of investors have indicated interest in the project, which is also being viewed by government as a significant opportunity for black investors and operators to enter the power generation sector.

PROVINCIAL TREASURIES' PROJECT APPRAISAL CAPACITY IN THE SPOT-LIGHT



The PPP Unit, with funding from Belgian Development Cooperation, is surveying the technical capacity of provincial treasuries to appraise PPP and other large capital projects.

There is increasing demand for quality technical assistance to such projects, both at national and provincial level, and much of the project appraisal discipline necessary is reflected in the PPP project preparation work set out in National Treasury's PPP Manual.

National Treasury is keen to ensure that sufficient capacity is proactively developed in order to allow for delegation of treasury PPP approvals to provincial treasuries, in terms of Treasury Regulation 16.3.1.

The capacity survey is closely aligned with the Infrastructure Delivery Improvement Process led by the Intergovernmental Relations division of National Treasury, which is currently driving capacity building in the provincial line departments of health, education, public works, roads and transport.

As a first step, National Treasury has secured the services of Utho Capital and Anansi Business Enterprises to undertake a detailed capacity survey of the Free State, Gauteng, KZN, Limpopo and Western Cape treasuries. Funding is currently being sourced for the same survey to be done early in 2005 in the remaining four provinces.

PPP Unit Senior Project Advisor driving the initiative, Carla Faustino, says the aim is to clearly identify the specific needs of provincial treasuries in setting up project appraisal capacity and to develop an appropriate funding plan to address these needs.

"Through consultation with the provincial treasuries, we will come up with specific recommendations on recruiting appropriately skilled personnel and setting up structures that will enable provinces to conclude affordable projects with appropriate risk transfer and value for money," she said.

PDF UPDATE **P**roject **D**evelopment **F**acility

- **Funding approved for Western Cape Department of Health Swellendam Hospital PPP.**
- **First PDF milestone payments made to Eastern Cape Department of Health Pharmaceutical Supply and Distribution PPP, and to Western Cape Department of Health Rehabilitation Centre PPP.**

PPP projects transactions advisory costs supported by PDF funding as at December 2004

	Amount funded (R)
Free State Department of Health – Trompsburg and Ladybrand Hospitals	1 861 912
KZN Department of Transport – Vukuzakhe Plant Depot	1 081 011
Eastern Cape Department of Health – Pharmaceuticals	3 146 696
Eastern Cape Department of Health – Settlers and Port Alfred Hospitals	496 060
Western Cape Department of Health – Rehabilitation Centre	2 925 000
Department of Labour ICT Convergence PPP: Phase 1	1 960 000
Western Cape Department of Health – Swellendam Hospital	561 450
Total	12 032 129

For information on the PDF, refer to National Treasury's PPP Manual Module 3: p 32.

INTERNSHIPS FOR BUDDING BLACK PPP ADVISORS

Two-year internship placements on PPP projects' transaction advisory teams are on offer to young black professionals with post-graduate degrees in commerce, law, accounting, engineering and related analytical disciplines, who see career opportunities in the PPP market.

The Code of Good Practice for BEE in PPPs, issued in August 2004, commits government to establishing an internship programme to "grow the number of experienced black transaction advisors in South Africa's PPP market".

Kicking the commitment into action is the PPP Unit's project advisor, Sikhumbuzo Gqoli, who has teamed up with National Treasury's Education, Training and Development Unit, to deliver the five-year scheme.

"Based on projected PPP deal flow, we plan to 'graduate' 200 interns over five years," says Gqoli, himself a young accountant recruited this year to the PPP Unit. "These are great opportunities for learning on the job, and successful interns should be in demand for positions in government treasuries, banks, advisory companies, and hopefully, some will start their own businesses," he says.

The offer has been presented to students at campus briefings in the last few months, and positive consultations have been held with current PPP transaction advisors, all being keen to offer placements. A first group of 25 interns is scheduled to be placed with these firms by March 2005.

For more information, contact Sikhumbuzo Gqoli on e-mail sikhumbuzo.gqoli@treasury.gov.za

PPP projects signed in terms of Treasury Regulation 16, as at December 2004

PPP type indicated by combination of private party risk for: **D:** design; **F:** finance; **B:** build; **O:** operate; **T:** transfer of assets back to government
BEE: Black economic empowerment; **vfm:** value for money; **PFMA:** Public Finance Management Act, 1999

Project and government institution	PPP type Contract duration Date Financial Close	Contact Official	Private Partner	BEE as % of equity and sub-contracting	Financing and Arrangers	Transaction Advisors to government	Value to govt (NPV of unitary charge)	NPV of benefit to government
1. Fleet Management Northern Cape Dept Transport, Roads and Public Works	DFO 5 years November 2001	Elliot Monosi (053) 839-2154	Pemberley Investments (Pty) Ltd comprising: Imperial Holdings and Africa Kosini	Equity: 25% Sub-c: 25%	Equity: 100%	Deloitte.	R181 million	N/a
2. Inkosi Albert Luthuli Hospital KwaZulu-Natal Dept Health	DFBOT 15 years December 2001	Hermann Conradie (033) 395-2019	Impilo Consortium (Pty) Ltd comprising: Mbekane Health & Wellbeing, AME International, Vulindlela Holdings, Siemens, Drake & Skull, Omame	Equity: 40% Sub-c: 40%	Debt: 70% Equity: 20% Govt Contribution: 10% Rand Merchant Bank	PricewaterhouseCoopers; White & Case; EC Harris; Aloecap; Hiltron	R4.5 billion	N/a
3. Eco-tourism Manyeleti 3 sites. Limpopo Dept Finance, Economic Affairs, Tourism	DFBOT 30 years December 2001	Charles Maluleke (015) 290-7300	Koko Moya Wilderness Trail (Pty) Ltd; Tinswala Lodges (Pty) Ltd; Pungwe Game Reserve (Pty) Ltd	Equity: 30%, 30%, 40% Sub-c: 30%, 30%, 40%	Equity: 100%	DBSA; White & Case	N/a	R25 million cash
4. Universitas and Pelonomi Hospitals co-location Free State Dept Health	DFBOT 16,5 years November 2002	Mr Shuping (051) 430-8989	Community Health Management/ Netcare consortium	Equity: 40% Sub-c: 40%	Equity: 100%	Ignis; Naude's Attorneys	N/a	R43 million cash plus R38 million in form of upgrade
5. Information Systems Department of Labour	DFBOT 10 years December 2002	Deon Haasbroek (012) 309-4551	Siemens Business Solutions Consortium	Equity: 30% Sub-c: 25%	Equity: 100%	KPMG	R1.5 billion	N/a
6. Chapman's Peak Drive toll road Western Cape Dept Transport	DF(part)BOT 30 years May 2003	Ben Veldman (021) 483-2004	Capstone 252 (Pty) Ltd comprising: Concor, Thebe Investments, Marib Holdings, Haw & Ingles	SPV: 30% Design & Construct Sub-c: 10% Ops & Maintain Sub-c: 50%	Debt: 44% Equity: 10% Govt Contribution: 46% Rand Merchant Bank	Ignis; Jeffares & Green; Hofmeyr; Herbstein & Gihwala; Intertoll; Decathlon	N/a	R450 million in form of capital works and operations
7. State Vaccine Institute Dept Health	Equity partnership 4 years April 2003	Gerrit Muller (021) 312-0717	Biovac Consortium	Equity: 15% Sub-c: n/a	Equity: 100%	PricewaterhouseCoopers; Deneys Reitz	N/a	R15 million systems investment; & NPV vfm of R60m over current spend
8. Humansdorp District Hospital Eastern Cape Dept Health	DFBOT 20 years June 2003	Eugene Jooste (040) 609-3702	Metro-Star Hospital (Pty) Ltd comprising: Metropal Hospital and Season Star Trading 123	Equity: 25% increasing to 40% Construct Sub-c: 50% Ops & Maintain Sub-c: 40%	Equity: 90% Govt Contribution 10%	Ignis; PHI Attorneys	R18.9 million	R15 million upgrade plus R34 million cash
9. Fleet Management Eastern Cape Dept Transport	DFO 5 Years August 2003	Mr M Nkhalane (043) 604-7425	Fleet Africa Eastern Cape (Pty) Ltd	Equity: 25% Sub-c: 25%	Debt: 100% Rand Merchant Bank	Deloitte.	R553 million	N/a
10. Head Office Accommodation Dept of Trade & Industry	DFBOT 25 Years August 2003	Hamida Fakir (012) 310-1564	Rainprop Consortium comprising: WBHO, Aterbury Property Holdings, Parkdev S.A., Reberve Facility Management, Propnet, Zweinzima Holdings, Prop 5 Corp, Rainbow Construction, WDB Investment Holdings, PDSA	Equity: 55% Design & Construct Sub-c: 43% Facilities Manage Sub-c: 50%	Debt: 80% Equity: 8% Govt Contribution: 12% Standard Corporate & Merchant Bank	Ignis; Utho Capital, Ledwaba Mazwai/ Masons B.I. Assoc.	R870 million	N/a
11. Cradle of Humankind Interpretation Centre Complex Gauteng Dept Agriculture, Conservation, Environment and Land Affairs	DBOT 10 years October 2003	Michael Worsnip (011) 355-1385	Furneaux Stewart Gapp Consortium comprising: Stocks, Fikile, Thebe	Operating Equity: 53% Construction Sub-c: 40% Ops Sub-c: 25%	Govt: 100% capex Equity: 100% opex	PricewaterhouseCoopers; White & Case	N/a	R39 million cash
12. Social Grant Payment System Free State Dept Social Development	DFO 3 years April 2004	Shirley Havenga (015) 409-0923	AllPay (Pty) Ltd	Equity: 40% Sub-c: Year 1: 30%, Year 2: 35%, Year 3: 45%	100% Equity	Ernst & Young	R260 million	N/a

Projects in preparation, registered in terms of Treasury Regulation 16, as at September 2004

RFQ: Request for Qualification; **RFP:** Request for Proposal; **BAFO:** Best and Final Offer; **Treasury Approvals:** are in terms of Treasury Regulation 16 to the Public Finance Management Act. **Status:** Please refer to the **PPP Project Cycle** in National Treasury's **PPP Manual**, available on www.treasury.gov.za

National Departments	Project Officer	Project	Status	Transaction Advisors
1 Dept Communication	Jabu Radebe (012) 427-8167	Emergency 112	Feasibility Study underway.	Utho Capital; Nokusa Consulting; SincroWave; Mchunu Koikanyang Attorneys
2 Dept Communication	Joe Miwara (012) 427-8296	Regional language television services	Feasibility Study underway.	Utho Capital; Huntley Kekana
3 Dept Correctional Services	Mzwandile Sokupa (012) 307-2130	Working Environment Service Delivery	Transaction Advisors to be appointed.	Not yet appointed
4 Dept Correctional Services	Mollet Ngubo (012) 307-2557/(012) 307-2487	Negotiation of two existing PPP prison contracts and feasibility for four new prisons	Feasibility Study underway.	Kagiso Financial Services; Ledwaba Mazwai; Carter Gobel Lee; P D Naidoo
5 Dept Defence South African Military Health Service	Brig Gen H Wallis (012) 671-5244	Purchase of Clinical Services in seven districts	RFQ issued.	Ignis; PH Inc
6 Dept Education	Johan Visser (012) 312-5439	Working Environment Service Delivery	Feasibility Study being revised.	KPMG
7 Dept Environmental Affairs & Tourism	Edwin Maseda (012) 310-3750	Working Environment Service Delivery	Project re-registered. Inception. Transaction Advisors to be appointed.	Not yet appointed
8 Dept Foreign Affairs	Bernice Africa (012) 351-1970	Working Environment Service Delivery	RFQ issued November 2004.	Deneys Reitz; GS; Vela VKE; ME Corporation
9 Dept Foreign Affairs	Peter Bolinck (012) 351-1910	Working Environment Service Delivery- Foreign missions	Transaction Advisors to be appointed.	Not yet appointed
10 Dept of Home Affairs	Gareth Warner (083) 257-0275	Home Affairs National Identification System	Feasibility Study underway.	PricewaterhouseCoopers; AloeCap; White & Case
11 Dept Justice	Alan Mackenzie (012) 315-1019	IT Cash Hall Payment System	Treasury Approval given 13 September 2004. RFP to be issued.	Ernst & Young; CSIR
12 Dept Labour ★	Deon Haasbroek (012) 309-4551	Communication Technology	Feasibility Study underway.	PricewaterhouseCoopers
13 Dept Labour	Jan van Tonder (012) 804-6847	Sheltered Employment Factories	Inception.	Appointed
14 Dept Land Affairs	Thizza Isoanyane (012) 312-8286	Working Environment Service Delivery	Transaction Advisors to be appointed.	Not yet appointed
15 Dept Minerals & Energy	Elsa du Toit (012) 317-9000	Independent power producer new generation	Feasibility Study underway.	PB Power; Deneys Reitz
16 Dept Social Development	Selwyn Jehoma (012) 312-7748	IT SOCPEN System	Transaction Advisor to be appointed.	Not yet appointed
17 Dept Transport	Marissa du Toit (012) 309-3540	IT Road traffic offences system	Feasibility Study underway.	Deloitte.; Molepe Business Solutions
18 Dept Transport	Nashee Sewpersadh (012) 309-3165	Fleet Management for National Departments	Feasibility Study underway.	Deloitte.; Madhlopa Attorneys
19 Dept Water Affairs & Forestry	Christo Marais (021) 405-2200	Working for Water: secondary industries	Bids due December 2004.	KPMG; Stellenbosch University; Edward, Nathan & Friedland; Nospilo
Provincial Departments	Project Officer	Project	Status	Transaction Advisors
20 Eastern Cape Dept Health ★	Lulu Peteni (040) 609-3445	Revitalisation of Pharmaceutical Supply Chain	RFP issued November 2004.	PricewaterhouseCoopers; White & Case; Utho Capital; LEAP Architects
21 Eastern Cape Dept Health ★	Eugene Jooste (040) 609-3581	Grahamstown & Port Alfred Co-location	RFQ issued November 2004.	Ignis; PHI; EC Harris; Annette van der Merwe; Peter De Boere
22 Eastern Cape Provincial Administration	Ian Assam 082 578-1891	IT System for Eastern Cape Province	Transaction Advisor to be appointed.	Not yet appointed
23 Free State Dept Education	Kevin Abrahams (051) 404-415172	Schools	Feasibility Study underway.	KPMG; Ashira; HLM-SV Architects; Africon
24 Free State Dept Health ★	Mr. Shuping (051) 405-4818	New build hospitals in Trompsburg and Lady Brand	Feasibility Study complete April 2004.	Ignis; EC Harris; PHI
25 Gauteng Dept Agriculture, Conservation & Environment	Tony Harding (011) 355-1460	Dinokeng Eco-tourism: Cullinan Hub and Rooopleaat Dam	Inception.	Not yet appointed

Provincial Departments	Project Officer	Project	Status	Transaction Advisors
26 Gauteng Dept Public Transport, Roads & Works	Nicolette Hlubaa-Mitrofan (011) 355-2686	Gauteng Kopanong Precinct Working Environment Service Delivery	Treasury Approval granted 17 May 2004. Application before SAHRA.	Kagiso Financial Services; Ledwaba Mazwai; PD Naidoo
27 Gauteng Dept Health	Luvuyo Baba (011) 355-3866	Acquisition of medical equipment for four hospitals	Inception.	Not yet appointed
28 Gauteng Dept Public Transport, Roads & Works	Gautrans (011) 355-7300	Gautrain Rapid Rail Link	Revised Treasury Approval application due December 2004.	Khuthele; Arcus Gibb; Kagiso Financial Services; Ledwaba Mazwai
29 KwaZulu-Natal Dept Economic Development and Tourism	Rohan Persad (031) 310-2857	Dube Trade Port	Feasibility Study underway.	PricewaterhouseCoopers; EC Harris; SDG; Siwendu & Partners
30 KwaZulu-Natal Dept Health	Hermann Conradie (033) 395-2019	Soft Facilities Management for Health Facilities	Feasibility completed. Treasury Approval granted November 2004.	PricewaterhouseCoopers; White & Case; Turner & Townsend; Siwendu & Partners; Gasa & Associates; L Msimang
31 KwaZulu-Natal Dept Transport ★	James Mlawu (033) 355-8988	Vukuzakhe Plant; Park Depot	Feasibility Study underway.	Deloitte.; Henwood & Nxumalo Engineers; Ndumase Inc; Madhlopa Inc; Mc Carthy Consulting
32 Limpopo Dept Health	Ramakuntwane Selepe (015) 293-6204	Polokwane hospital Renal Dialysis. Ellisras, Phalaborwa & Duiwelskloof Co-location	RFQ issued December 2004.	Ignis; Munyai; Malaka; SPP; Phatshoane Henney Inc; Vela VKE; Resolve Workplace Solutions
33 Limpopo Dept Health	Ramakuntwane Selepe (015) 293-6204	Provincial Linen Management Services	Feasibility Study completed.	Ignis; Munyai; Malaka; SPP; Phatshoane Henney Inc; Vela VKE; Resolve Workplace Solutions; Mitema Mashao Engineers; Maluleka Mokoena & Associates
34 Limpopo Dept Health	Ramakuntwane Selepe (015) 293-6204	Accommodation for clinical staff at various hospitals	Feasibility Study completed.	Procurement Dynamics; Turner & Townsend; Nalane Manaka Attorneys; SAB&T
35 Limpopo Dept Transport	R Kagana (015) 295-1019	Emergency Vehicles Management Services	Treasury Approval granted.	Deloitte.; Madhlopa Attorneys
36 Limpopo Dept Transport	Mi Satheloge (015) 295-1018	Limpopo traffic training. College Accommodation & facilities management services	Transaction Advisors to be appointed.	Not yet appointed
37 Northern Cape Dept Housing & Local Govt and Depr Agriculture, Land Reform, Environment & Conservation	Peter Wakelin (082) 553-8692	Eco-tourism: 10 business sites	Transaction Advisors to be appointed.	Not yet appointed
38 North West Dept Health	Edwin Kabasia (018) 387-6767	Victoria Hospital	Transaction Advisors to be appointed.	Not yet appointed
39 North West Dept of Transport	Peter Mosiane (018) 397-0700	Fleet Management	Feasibility Study underway.	Deloitte.
40 Western Cape Dept Health	Japie Du Toit (021) 483-5844	Hermanus hospital co-location project	Negotiations with preferred bidder, Mediclinic Holdings	Ignis; PH Inc
41 Western Cape Dept Health ★	Japie du Toit (021) 483-5844	Swellendam hospital co-location project	RFQ issued November 2004.	Ignis; PH Inc
42 Western Cape Dept Health ★	Japie du Toit (021) 483-5844	Rehabilitation Centre	RFQ issued. Pre-qualified bidders appointed October 2005. RFP to be issued January 2005.	KPMG; Africon; Deneys Reitz Consortium
43 Western Cape Dept Health	Japie du Toit (021) 483-5844	Eerste River Hospital – Facility Management	Treasury Approval delayed pending resolution of HR issues.	Ignis; EC Harris; PH Inc
Public Entities	Project Officer	Project	Status	Transaction Advisors
44 Eastern Cape Mayibuye Transport Corporation	André de Vries (043) 604-7424	Bus company restructuring	Revised Feasibility Study and bid documents completed	Deloitte.
45 Greater St Lucia Wetlands Park Authority	Terri Castis (083) 309-3587	Eco-tourism: 14 business sites	Negotiations underway.	White & Case; Delano Caras
46 Limpopo Tourism & Parks Board	Fixon Hlungwani (015) 288-7000	Eco-tourism: 20 nature reserves	Feasibility Study underway.	Vela VKE; Busico; Dave Short attorneys; Dynacon; Munyai; Malaka; Resolve Group
47 Mpumalanga Parks Board	Abs Sibiyi (013) 759-5307	Eco-tourism: 21 business sites	Transaction Advisors to be appointed.	Not yet appointed
48 National Housing Finance Corporation	Luthendo Vutjula (011) 644-9872	Rental Housing	Feasibility Study underway.	Kagiso Financial Services; Ledwaba Mazwai; PD Naidoo
49 North West Parks & Tourism Board	Maretha Shroyer (018) 397-1500	Cookes Lake tourism facility	Feasibility Study underway.	In-house
50 South African Rail Commuter Corporation	Thando Mbikwana (011) 804-2900	Rolling Stock & Infrastructure	Inception.	Not yet appointed
51 South African Revenue Services	Roger Khouri (012) 422-5200	IT-Container inspection	Treasury Approval given 23 September 2004.	Deloitte.
52 Western Cape Nature Conservation Board	Adnaan Abrahams (021) 483-4874	Eco-tourism: 15 business sites	Negotiations underway.	Dynacon Technologies; Bell, Dewar & Hall; Busico.

Inception

Feasibility

Procurement

Negotiations

★ Transaction costs funded by Project Development Facility

AN EXPANDING PPP UNIT LOOKS FORWARD TO ANOTHER SUCCESSFUL YEAR



Advisor. Back row from left: Nelisiwe Mtsweni, Senior Admin Officer; Sheila Themba, Project Advisor; Carla Faustino, Senior Project Advisor; Penny Mason, Senior Admin Officer; Sikhumbuzo Gqoli, Project Advisor; Annah Maleka, Admin Officer. Inset from left: Brenda Malongete, Project Advisor; and Talita van der Westhuizen, Senior Admin Officer.

2005 will see the appointment of a permanent head of National Treasury's energetic PPP Unit, and new senior appointments for the municipal and business development desks. Joining the team in 2004 were Sikhumbuzo Gqoli, Patrick Milner and Annah Maleka.

National Treasury's PPP Unit 2004

Front row from left: Patrick Milner, Senior Project Advisor; Karén Breytenbach, Senior Project Advisor; Uven Bunsee, Acting Head; William Dachs, Senior Project Advisor; Sue Lund, Senior Project

PPP PROJECT ATTACHMENT SCHEME FOR SADC

South Africa is facilitating the attachment of SADC member states' PPP project personnel to appropriate South African PPP project teams in support of the PPP capacity building programme of the SADC Banking Association.

Applications are open to government personnel in SADC countries who are actively engaged in managing a current PPP project in their country. It is not open to the private sector or to government personnel not actively engaged in managing a current PPP project.

A maximum of three people will be accepted per attachment and they must complete a PPP Unit-endorsed PPP foundation training course in South Africa before applying.

"The scheme is not a full-time placement, but an opportunity to become observer members of a working PPP project team and therein to review confidential documentation, attend key project preparation meetings, and deliberate on the feasibility and procurement processes of the project from an 'inside' perspective," says PPP Unit Senior Project Advisor, Sue Lund.

The SADC member state concerned is responsible for all travel and accommodation costs of its personnel, and a reliable email system of communication is a pre-requisite for participation.

National Treasury's PPP Unit will identify a suitable PPP project for each application. Confirmation of the attachment however, lies solely with the South African institution responsible for that PPP project. This host institution may place any pre-conditions on the attachment to safe-guard the integrity of its project and manage its project preparation time and costs, and may cancel the attachment if necessary.

A key prerequisite is that the nominated SADC personnel must sign a rigorous Code of Conduct, the terms of which must be endorsed by the host institution, prior to their being accepted into the scheme.

To date, three personnel from the Botswana government have been placed with the PPP project team of the South African Department of Foreign Affairs head office accommodation PPP project. Botswana is currently initiating its first government office accommodation PPP.

For more information, contact Juliet Kairuki, SADC Banking Association on e-mail julietr@banking.org.za

PPP FOUNDATION TRAINING 2005

This ever-popular start-up course is packed with useful guidance and case studies, covering introductions to: the PPP regulatory framework, transaction advisors, feasibility studies, BEE, PPP procurement, project finance, risk, standardisation, contract management.

Dates: 15-16 March 2005
Place: Johannesburg
Cost: R2 300 +VAT

Travel and accommodation not included in price. To book, email: flo@nbi.org.za

WORKSHOP FOR PPP TRANSACTION ADVISORS

This half-day session, presented by the PPP Unit gives professional advisors insight into what is expected in bid submissions to act as PPP transaction advisors to government, and what PPP feasibility studies, BEE and procurement entail.

Date: 17 February 2005
Time: 10:00 – 14:00
Place: National Treasury
240 Vermeulen St, Pretoria

To book, email: nelisiwe.mtsweni@treasury.gov.za

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