

PPP QUARTERLY

PUBLIC PRIVATE PARTNERSHIPS

December 2002 Number 9

Innovative infrastructure and service delivery by South African national and provincial government and public entities.

DUBE TRADE PORT LAUNCHES FEASIBILITY TEST

KwaZulu-Natal's proposed Dube Trade Port holds up the vision of a world-class logistics gateway on South Africa's east coast, and the country's integration into the global supply chain. Detailed feasibility work is now underway to determine affordability and value for money.

The project's 25-year master plan entails the development of King Shaka International Airport, an Industrial Development Zone, a freight facility, and an organic farm and training centre. Integral to this will be a cyber port for international broadband connectivity involving the possible utilisation of an undersea cable system. Empowerment investment, job creation, and SMME participation are targeted as vital to its success.

Dube planners have ear marked a 2 000ha site 30 km north of Durban. The facilities would be phased in, spearheaded by an initial 3 200m runway airport, whose focus will be air-freight. While King Shaka is expected to serve provincial domestic passenger needs, it does not aim to compete with South Africa's passenger hub at Johannesburg International Airport.

New era manufacturing is driven off an e-commerce platform, facilitated by business-to-business, e-commerce solutions, and Dube Trade Port would be designed to optimise the benefits of global supply chain efficiencies, combining air, sea, rail and road

transport systems with an e-commerce platform.

KwaZulu-Natal's strategic advantages for the envisaged Trade Port include the premiere deep water harbour at Richards Bay and Durban's container terminal, currently handling 65% of all Twenty-foot Equivalent Units entering and leaving South Africa, both by volume and by value. The Department of Public Enterprises recently announced that the concessioning of Durban container port will be fast-tracked and several international operators have declared interest in the much-needed re-vamp.

Ithala Development Finance, a provincial public entity, is managing this major project on behalf of the KZN government, and is recruiting financial advisors to undertake the feasibility steps required for seeking PPP Treasury Approval I. If at that stage it is determined that PPP is the best way forward, that the project is affordable to government and will be a value-for-money deal, it will move into procurement to seek appropriate private partners.

Seven consortia have expressed interest in acting as financial advisors to Ithala: The Pumelela Consortium, PricewaterhouseCoopers, The Masithuthu Consortium, Ernst & Young, Kagiso Financial Services, Deloitte & Touche and the J&J Group.



PPP UNIT
NATIONAL TREASURY
SOUTH AFRICA



RESOURCE CENTRE
A project of the NBI



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**EXCLUSIVE:
PPP PRISONS REVIEW
PAGES 2 & 3**

PPP PRISONS ARE GOOD DEALS

Prisons feasibility protocol now

South Africa's two pioneering PPP prisons are sound deals for government and there is an opportunity to get improved value-for-money, through win-win contract changes that will suit both the private operators and the Department of Correctional Services (DCS).

That's the finding of a ground-breaking and detailed Review, undertaken jointly over the last three months by a Task Team from the DCS, National Treasury and the Department of Public Works (DPW).

"The Review has helped us all become more intelligent about these projects and to see ways in which we get value for the tax payer," National Commissioner of DCS, Linda Mti told the Portfolio Committee on Correctional Services on 12 November 2002. "Partnerships of this kind are a world-wide trend, and our government is committed to doing them well."

Frikkie Venter, MD Group 4 Correction Services SA, (Pty) Ltd, the operator for Bloemfontein prison said: "I want to thank the Task Team for a job well done. They have succeeded in showing that the PPP route can result in a cost effective, value for money service to government, as is currently rendered at Mangaung Maximum Security Prison."

The MD for South African Custodial Services (Pty) Ltd, Stephen Korabie, also congratulated the Task Team for its effort in clarifying the costs of these prisons. "The report has shown that the operating cost of the SACS prison at Louis Trichardt is the cheapest in the country," he told *PPPQ*.

The Review found that Bloemfontein and Louis Trichardt PPP prisons achieved:

- Competitive construction costs (R270m for Bloemfontein's 2 928 inmates, and R303m for Louis Trichardt's 3 024 inmates).
- Construction completed on time, on budget.
- Fast-track delivery: less than two years from contract signature to full operating capacity,



Louis Trichardt maximum security prison.

accommodating some 6 000 maximum security prisoners.

- Operating costs per inmate per day broadly comparable with the public sector's operating costs.
- Significantly higher quality facilities and levels of service than in public prisons.
- High levels of black equity in the Contractors (60% Bloemfontein; 50% Louis Trichardt), and significant black sub-contracting in both construction and operation of both prisons.
- Appropriate assumption of financial, technical and operational risk by the private parties.

The review also found that:

- DCS' design and operating specifications were too high, based on ideal prison conditions, and the prisons remain driven by high DCS input specs.
- Lack of suitable feasibility work by government that should have established DCS' affordability limits prior to procurement.

- AND CAN BE EVEN BETTER in place for future projects



Facilities available for inmates at Bloemfontein maximum security prison.

- Relatively high cost of debt due to high base interest rates prevailing at the time of the deals (14.58% Bloemfontein; 15% Louis Trichardt).
- Higher than normal margins charged by Lenders, reflecting perceived risk of early deals.
- Higher than normal return on equities, reflecting perceived risk of early deals.
- Inability to over-populate the PPP prisons, despite severe overcrowding in DCS system.

Comparisons between the PPP prisons' construction and operating costs and those of public prisons are made difficult by the lack of cost-centre budgeting and accounting in DCS.

The Review nevertheless established that:

- The PPP prison construction costs were notably cheaper per inmate, and quicker to build than a

sample of recent public prisons construction costs; and

- Operating costs per prisoner, per day in the PPP prisons (which are not overcrowded) are comparable with those of the 70% overcrowded public prisons – and the PPP prisons have much higher levels of service. If the public prisons were not overcrowded, and the DCS budget remained the same, the public sector's operating cost per prisoner per day – with lower levels of service - would be higher than the PPP prisons' equivalent cost.

Engagement with the Contractors to further improve value for money is now set to:

- Review DCS' standards and specifications, which should lower some operating costs.
- Consider amendments to the fee structure to achieve better cash flows for DCS.
- Consider accommodating additional prisoners in each prison on a marginal cost per inmate basis.
- Negotiate debt funding to improve cash flows and net present value (NPV) benefits, including possible inflation-linked funding.

The Task Team also devised a Feasibility Protocol for DCS to use in deciding the optimal method of procuring prisons and custodial services from now on. DCS will shortly announce policy on unsolicited bids, set clear standards for procurement, and will embark on suitable training for key personnel.

"We will actively support DCS in its forthcoming engagement with the Contractors, and with its feasibility work for future prisons," says Sue Lund, Senior Transaction Advisor at the PPP Unit. "This has been a constructive and instructive exercise."

The technical work for the Task Team's Review was commissioned by National Treasury's PPP Unit, and undertaken by Ignis Project & Finance Solutions (Pty) Ltd.

SECOND IN A SERIES OF ARTICLES ON RISK IN PPPS

Sept 2002 *PPPQ* covered Completion Risk. This edition's topic is demand risk. Comments can be directed to nelisiwe.mtsweni@treasury.gov.za. See the next *PPPQ* for the third in this series.

DEMAND RISK

Watch *PPPQ* for more on risk

- Completion risk
- Operating risk
- Political risk
- Infrastructure risk
- Market risk
- Inputs risk
- Technology risk
- Latent defect risk
- Design risk
- Cost over-run risk
- Planning risk
- Availability risk
- Environmental risk
- Maintenance risk
- Sponsor risk
- Force Majeure
- Engineering risk
- Syndication risk
- Market, demand or volume risk
- Supply, input or resource risk
- Utilities supply risk
- Insolvency and outside creditor risk
- Sub-contractor risk
- Working capital risk
- Foreign exchange risk
- Interest rate risk
- Tax rate risk
- Inflation rate risk
- Revenue risk
- Tariff risk
- Insurance risk
- Residual value risk
- Legal risk
- Regulatory risk

"Who will buy my product, and at what price?" is on the mind of every business person in the world. Market research, product development and advertising are the direct results of businesses reducing the risk of the market demand for their products and services. In competitive markets, businesses have become remarkably adept at dealing with market risk – and those that haven't, soon go out of business.

What's different about PPPs? Is the private sector exposed to market or demand risk in PPPs? The answer depends on the type of PPP deal. Here are some examples of the allocation of demand risk:

WHERE PPPS GENERATE REVENUE FOR GOVERNMENT

These involve the private party being given rights to use state property for its own commercial activities (for example, the development of a tourism lodge), in return for payment of a fee to government. It is clearly appropriate that the private party carry the risk that the market does not respond to the products and services offered.

Interestingly, even in such cases the government institution is not immune to demand risk. This is because typically, the payment to government includes a turnover-related portion, which serves the useful purpose of incentivising the department or public entity to support the PPP by not, for example, competing for the same market. This is a good example of 'partnership through incentive' – an underlying alignment of the objectives of both parties.

WHERE USERS PAY THE PRIVATE PARTY

Exploring further in the PPP spectrum, we encounter PPPs where the private party provides a public service (or "Institutional Function" in the terminology of Treasury Regulations) and receives remuneration in the form of user fees. Toll roads are typical examples. Even within this category however, there is a variation in demand risk sharing.

In the large N4 and N3 toll projects the concessionaires take market risk in that there is no

additional source of revenue from government. Demand studies done in bid preparation predicted the private party's ability to generate sufficient returns from user fees to service debt, maintain and operate the roads, and give a return on equity to shareholders. Risk of below-expected returns was deemed to be low.

In the Chapman's Peak toll road project however, the feasibility study showed that there would be insufficient traffic demand to support the required investment in reconstructing the road. It further showed that there was not a large base of regular commuters who use the road, further complicated by high seasonal variation in tourism traffic. As a result, and given government's view that this road is nevertheless important for local economic reasons, government provides support to the project by means of an up-front financial contribution during construction and by means of a patronage guarantee should road usage fall a certain percentage below forecast. Demand risk is thus shared, carefully balanced between the parties, and there is common interest in getting demand modeling as accurate as possible.

On greenfield transport projects, of which the proposed Gautrain is a good example, demand risk is extremely difficult to transfer entirely to the private party. Where demand forecasting is an inexact science even on existing transport systems, it becomes a form of crystal ball gazing in projects where user shifts between modes of transport are required.

WHERE GOVERNMENT MAKES UNITARY PAYMENTS FOR SERVICES

Last on this list of PPP types are government service type projects such as hospitals, government accommodation services and prisons. Here the private sector has no control over demand (whether the office space will be fully utilised, or whether criminals will be sent to prison) as government policies and processes dictate user numbers. In these cases, it is appropriate that government takes the demand risk. So government pays a unitary fee to the private party for the delivery of accommodation services to particular standards, or for the number of available prisoner places.

DRAFT STANDARDISED PPP PROVISIONS ROLL OUT FOR CONSULTATION

The PPP Unit's initiative to standardise the provisions of South Africa's PPP contracts is well underway, and 2003 will herald wide-ranging stakeholder engagement on this key document for the PPP market.

Standardised PPP Provisions sets out to achieve:

- A common understanding of the technical, operational and financial risks that are typically encountered in PPP projects.
- A common understanding of the National Treasury's preferred approach to how such risks should be transferred or shared between the parties involved in PPP projects.
- A consistent approach to risk transfer, risk sharing and value-for-money.
- A reduction in the time and cost of contract preparation and negotiation between parties involved in a PPP project.

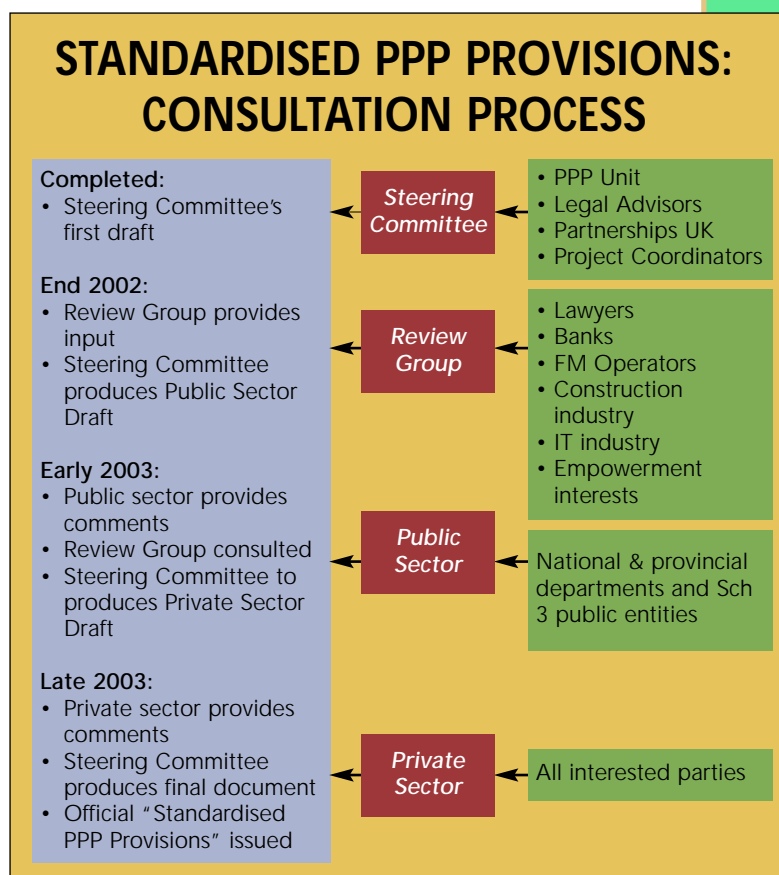
The Provisions contain sample clauses for incorporation in PPP contracts, and descriptive positions on all key elements of a PPP contract. These relate to the issues requiring a uniform approach to typical project finance PPP deals. The preparation of sector specific Provisions and catering for the wider variety of PPP types, will be undertaken once the generic *Standardised PPP Provisions* is complete.

Work on the document is being spearheaded by the PPP Unit's Advocate Uven Bunsee, who has commissioned the services of Della Levinsohn and Alice Rennie as project co-ordinators, the law firm White & Case for drafting, and Partnerships UK for advice from international experience. The PPP Unit considers it essential that the development of the *Standardised PPP Provisions* includes all stakeholder views.

"We want to build a well informed, common platform in the PPP market that will enable the parties to speed up PPP project preparation, keep legal costs down, and ensure long-term value-for-money for the tax payer in these deals, through appropriate risk allocation. We have committed enough time to consult widely and in detail on this critical document," says Bunsee.

National Treasury's *Standardised PPP Provisions* is set to become a hand-book for all parties involved in PPP preparation and management. Once finalised, it will be the position of the National Treasury, that unless a project can materially justify deviation from these Provisions, the *Standardised PPP Provisions* will apply for South African PPPs.

A draft has been distributed to a Review Group, made up of private sector players, including facilities managers, IT experts, lawyers, banks, consulting engineers, financial advisors, and empowerment advisors. Once their feedback has



been incorporated, the document will be distributed to national and provincial government departments' accounting officers and Schedule 3 public entities' accounting authorities for comment. The subsequent draft will be issued for general private sector and public comment; where after further amendments will be accommodated.

The official *National Treasury Standardised PPP Provisions* is scheduled to be issued by late 2003.

HOSPITAL PPPS MULTIPLY – and a pharmaceuticals project is in the wings

The second half of 2002 has seen a significant increase in the number of hospital PPPs registered with the PPP Unit. Following the end of negotiations on the Free State co-location project, the Eastern Cape and Western Cape have embarked on similar initiatives in Humansdorp, Swellendam and Hermanus.

In Humansdorp, the Eastern Cape Department of Health is in negotiations with Afrox Healthcare for the construction of extensions to and renovations of the public hospital in the town. There is also substantial interest in Port Alfred and Grahamstown hospitals, for which the Department will undertake feasibility studies once Humansdorp has yielded enough lessons.

In Hermanus and Swellendam, the Western Cape department is examining the feasibility of co-location in these small provincial hospitals. The department is also intending to concession the facility management of the newly acquired Eerste Rivier hospital in Cape Town. Further plans involve the disposal of the existing Conradie hospital in

Pinelands and the development of two smaller specialist institutions.

In the Free State, transaction advisors will be appointed shortly to assist the Free State Department in the procurement of two new district hospitals in Trompsburg and Ladybrand, using private finance. This exciting development will result in the first hospitals procured as PPPs.

In Gauteng, the pre-feasibility study carried out by a PricewaterhouseCoopers-led consortium on Chris Hani Baragwanath Hospital will be completed by year-end. The needs analysis, now under evaluation, has revealed a variety of delivery options, including PPP.

Although not a hospital project, the Eastern Cape is carrying out a feasibility study for re-establishing the province's pharmaceutical management, storage and distribution system as a PPP. Transaction advisors will be appointed shortly after a competitive bidding process, and the project will be developed in full compliance with the Treasury Regulations.

SMART ID ON THE CARDS

The Department of Home Affairs (DoHA) has requested the PPP Unit's assistance to take forward its substantial identification system initiatives of recent years. DoHA has now produced a business plan which sets out the steps to bring these critical projects to fruition. A PPP option will be under consideration in early 2003.

Hanis (Home Affairs National Identification System) was conceived in 1996 to positively identify people who apply for identity cards, and to allow other institutions to verify identities. Fingerprinting was also introduced to ensure that multiple ID books are not issued to the same person. After a long investigation,

DoHA decided to extend and integrate with Hanis, its investment in securing some 40 million full sets of fingerprints. At present, it takes DoHA a minimum five weeks to process an ID application.

Hanis will be used to digitise and automate the searching of fingerprints, and this method of biometrics will be built into the National Electronic Identity Card (NEIC).

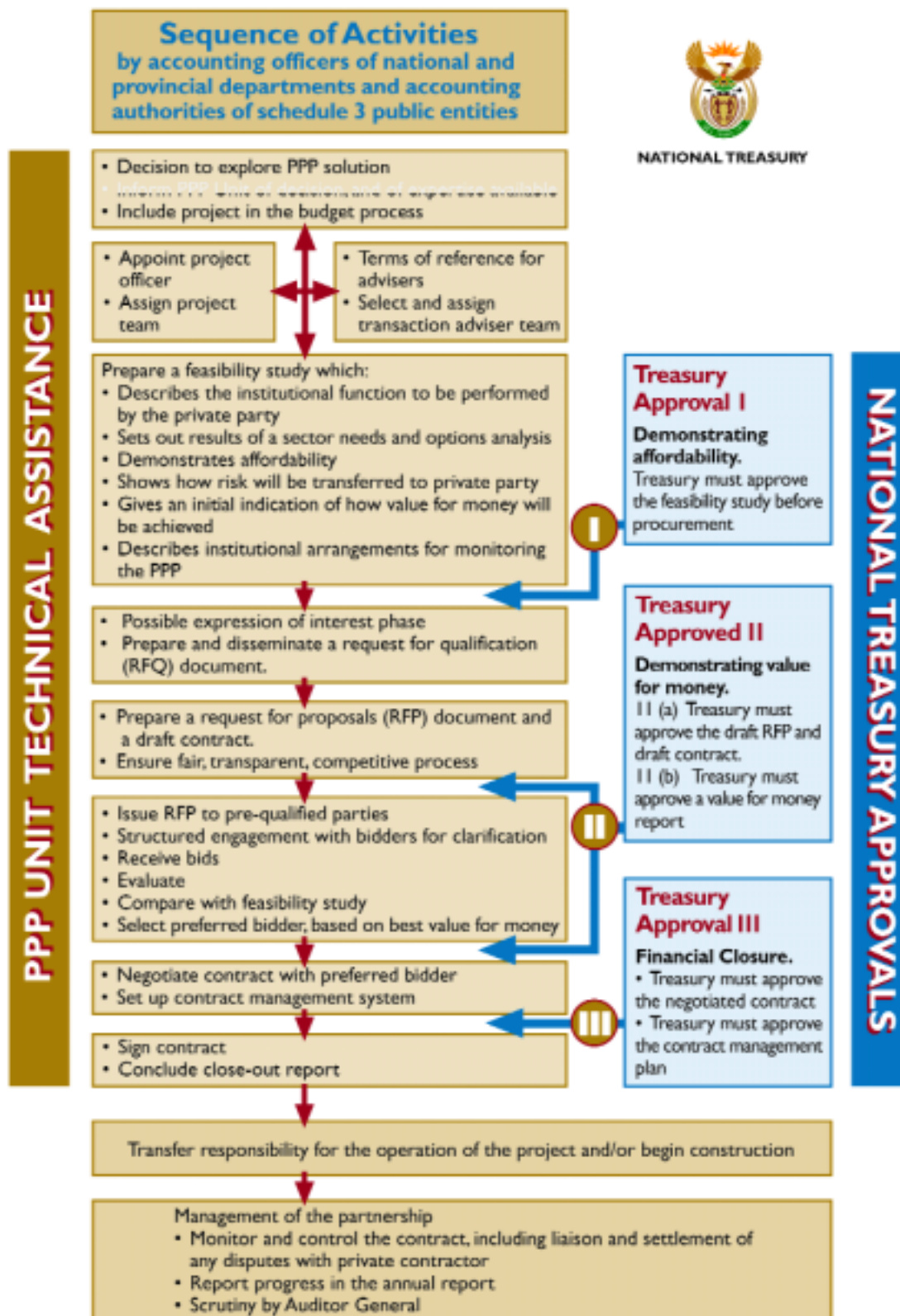
The planned smart card will incorporate both overt and covert security features to determine authenticity and will allow both government and the private sector to verify identity by comparing a fingerprint against the fingerprint stored on the card and/or the fingerprint stored in Hanis. This can be done in three ways: visual inspection; off-line electronic verification (stand-alone workstations equipped with fingerprint scanner and smart card reader, allowing the user to check one against the other); and on-line verification (where the user accesses the verification system of the Hanis database via network connection to check applicant or card-holder credentials).

Once a search qualifies an applicant for an ID card, Hanis will store the data, and pass this on to the NEIC production facility which will produce the personalised chip and card, and effect delivery.



GENERIC PPP PROJECT LIFE CYCLE

Reflecting Treasury Regulation 16 issued May 2002 in terms of the Public Finance Management Act, 1999



Following the amendments to National Treasury's PPP regulations (Treasury Regulation 16) in May 2002, the PPP Unit has issued an updated version of its Generic PPP Project Life-cycle. The systematic and rigorous approach adopted by the South African government to planning, procuring and managing PPP deals is instilling increasing market confidence, creating greater certainty for investors, and providing officials with a clear path to follow. The chart is supplemented by a comprehensive PPP Guideline Manual, which is currently being upgraded and expanded. Copies are available from the PPP Unit or on www.treasury.gov.za

SOUTH AFRICA'S PPP PROJECTS 2000-2002

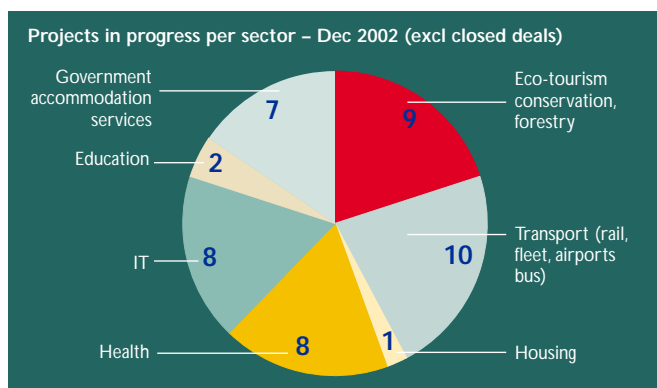
Prior to the promulgation of PPP Regulations in May 2000, five pioneering PPP projects had been rolled out at national government level: The N3 and N4 toll roads, and the Bloemfontein and Louis Trichardt prisons, and SA National Parks tourism concessions.

Since May 2000, the number of PPP projects-in-making has grown exponentially. The list published in *PPPO* shows a wide variety of PPP types and scale, in a range of sectors, being developed across the country.

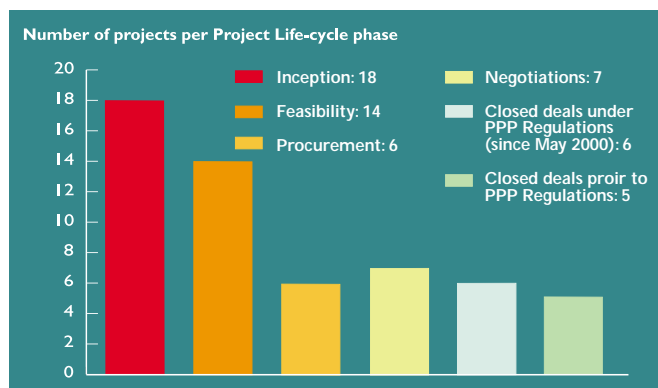
The PPP Unit updates its list of Active PPP Projects

monthly. These have been formally registered with the Unit by the relevant department or public entity, in terms of Treasury Regulation 16, and are being driven proactively through the PPP Project life-cycle by their principals.

The PPP Unit is currently entering into an agreement with the CSIR to develop a web-enabled projects data-base that will give the public instant insight into all data that can be made available on a project, and which will enable ongoing statistical analysis of PPP projects. This web-enabled data-base should be on line by May 2003.



Active PPP projects per sector as at Dec 2002 – excluding closed deals



Active PPP projects per phase as at Dec 2002

PPP FOUNDATION TRAINING 2003

Due to popular demand, National Treasury's PPP Unit and the NBI are teaming up again to run the two-day PPP Foundation Training course each quarter in 2003 in Gauteng. Venue will be confirmed on application.

Dates: 4 – 5 March 2003
13 –14 May 2003
12 –13 August 2003
11 –12 November 2003

Cost: Public sector – R600 per delegate
Private sector – R2 300 per delegate

Please note that travel and accommodation are not included in this price and are for delegates' own account.

To book contact: Faye Dolley at the NBI.
Tel: 27 (11) 482 5100 Fax: 27 (11) 482 5507/8
Email: faye@nbi.org.za

PROJECT FINANCE TRAINING FOR PPPS

In collaboration with Euromoney Training, the PPP Unit and the NBI will be facilitating three Project Finance courses during 2003. As this is specialist training, attendance is limited to senior officials (director and above), bankers, company managers and PPP transaction advisors who have completed the PPP Foundation Training course or who are actively driving a current PPP project. A sound knowledge of South African PPP Treasury regulations and guidelines is necessary.

Cost and venue will be confirmed on application.

Courses:
4 – 6 February 2003:
Project Finance for PPPs
30 – 31 July & 01 August 2003:

Risk management in Project Finance deals
September 2003: *(dates of the three-day course to be confirmed): Risk in Project Finance documentation*

To book contact: Khalil Mullagie at the NBI.
Tel: 27 (21) 674 0880 Fax: 27 (21) 674 0931
Email: khalil@nbi.org.za

CLOSED DEALS UNDER PPP REGULATIONS (SINCE MAY 2000) – DECEMBER 2002

Project	Institution	Contact Official	Private Partner	Financial Closure	Transaction Advisors	Value to gvt (NPV of unitary charge)	NPV of benefit to government
1. Fleet Management	Northern Cape Dept Transport, Roads and Public Works	Tshego Motaung (053) 839-2109	Pemberley Investments (Pty) Ltd comprising: Imperial Holdings and Africa Kosini	November 2001	Deloitte & Touche	R181 million	N/A
2. Inkosi Albert Luthuli Hospital	KwaZulu-Natal Dept Health	Herman Conradie (033) 395-2019	Impilo Consortium (Pty) Ltd comprising: Mbekeane Health & Wellbeing, AME International, Vulindlela Holdings, Siemens, Drake & Skull and Omame	December 2001	PricewaterhouseCoopers; White&Case; EC Harris; Aloeap; Hilttron	R4.5 billion	N/A
3. Eco-tourism: Manyeleti reserve; Pungwe, Khofo Moya, Honey Badger	Limpopo Dept. Finance, Economic Affairs, Tourism	Charles Maluleke (015) 288-0049	Koko Moya Wilderness Trail (Pty) Ltd; Tinswala Lodges (Pty) Ltd; Pungwe Game Reserve (Pty) Ltd	December 2001	DBSA; White & Case	N/A	R25 million cash
4. Universitas and Pelonomi Hospitals co-location	Free State Dept Health	Mr Shuping (051) 430-8989	Community Health Management/ Netcare consortium	November 2002	Ignis; Naude's Attorneys	N/A	R43 million cash plus R38 million in form of upgrade
5. Information Systems	Department of Labour	Deon Haasbroek (012) 309-4551	Siemens Business Solutions Consortium	December 2002	KPMG	R1.5 billion	N/A
6. Chapman's Peak Drive toll road	Western Cape Dept Transport	Ben Veldman (021) 483-2427	Capstone 252 (Pty) Ltd comprising: Concor, Thebe Investments, Marib Holdings and Haw & Ingles	December 2002	Ignis; Jeffares & Green; Hofmeyr, Herbstein & Gihwala; Intertoll; Decathlon	N/A	R450 million in form of capital works and operations

ACTIVE PPP PROJECTS IN DEVELOPMENT – DECEMBER 2002

National Departments	Contact official	Project	Status	Preferred Bidder	Transaction Advisors
1. Dept Defence	General Bobo Moerane (021) 339-5517	Defence Intelligence Head Office Accommodation Services	Transaction Advisors to be appointed.		Not yet appointed
2. Dept Health	Gerrit Muller (012) 312-0717	Strategic Partnership: State Vaccine Institute	Final negotiations.	Biovac Consortium	PricewaterhouseCoopers; Deneys Reitz
3. Dept Foreign Affairs	Luke van Eck – DPW (012) 337-2329	Head Office Accommodation Services	Treasury Approval I withdrawn. Options and feasibility being re-visited.		Ignis; Decathlon; Ledwaba Mazwai/Masons
4. Dept Education	Anselm Umoeetok – DPW (012) 337-2292	Head Office Accommodation Services	Negotiations phase.	Sethkego Consortium	KPMG
5. Dept Environmental Affairs & Tourism	Peter Chitapasco – DPW (012) 337-2485	Head Office Accommodation Services	Feasibility Study in progress.		Kagiso Financial Services
6. Dept Arts Culture Science & Technology	Peter Pedlar (012) 337-8587	Head Office Accommodation Services	Transaction Advisors to be appointed.		Not yet appointed
7. Dept Justice	Alan Mackenzie (012) 315-1220	Cash Hall Payment System	Transaction Advisors to be appointed.		Not yet appointed

National Departments		Contact official	Project	Status	Preferred Bidder	Transaction Advisors
8. Dept Justice	Hassen Ebrahim (012) 315-1220	Integrated Justice System	Transaction Advisors to be appointed.		Not yet appointed	
9. Dept Social Development	Selwyn Jehoma (012) 312-7647	SOPEN System	Inception stage.		Not yet appointed	
10. Dept Trade & Industry	Peter Aborn (012) 310-1564	Head Office Accommodation Services	Negotiations phase.	Thusano Consortium	Igmis; Utho Capital; Turner & Townsend; Ledwaba Mazwai/Masons	
11. Dept Trade & Industry	Patrick Milner (012) 428-7869	IT	Transaction Advisors to be appointed.		Not yet appointed	
12. Dept Transport	Themba Nkosi (012) 309-3601	Road traffic offences system	Feasibility Study underway.		Deloitte & Touche	
13. Dept Water Affairs & Forestry	Christo Marais (021) 405-2200	Working for Water: Secondary industries	Request for Qualification issued November 2002.		KPMG; Stellenbosch University; Edward, Nathan & Friedland; Nosipho	
14. Dept Water Affairs & Forestry	Michael Peter (044) 382-5466	Diepvalle State Forest – Southern Cape eco-educational facility	Feasibility pending.		In-house with White & Case	
15. Dept Water Affairs & Forestry	Maud Dlomo (012) 336-7768	State forests Mbazwana and Manzengwenya in Maputaland, KZN	Feasibility stage.		In-house with Edward, Nathan & Friedland	
16. National Treasury	Logan Wort (012) 315-5399	IT	Transaction Advisors to be appointed.		Not yet appointed	
Provincial Departments	Contact official	Project	Status	Preferred Bidder	Transaction Advisors	
1. Eastern Cape Dept Health	Dave Collins (012) 312-0663	Hospital co-location projects	Negotiations phase.	Afrox Healthcare	Igmis	
2. Eastern Cape Dept Health	Luliu Peteni (040) 609-3763	Pharmaceutical Management & Distribution	Transaction Advisors to be appointed.		Not yet appointed	
3. Eastern Cape Dept Transport	Lize Hoole (012) 309-3832	Fleet Management	Treasury Approval II (A) - November 2002.		Deloitte & Touche	
4. Eastern Cape Dept Transport	Hennie Erasmus (043) 604-7411	Umtata and Bisho airports	Transaction Advisors to be appointed.		Not yet appointed	
5. Free State Dept Education	Sandra de Kock (051) 430-8989	Schools	Feasibility Study underway.		KPMG; Ashira; HLM-SV Architects; Africon	
6. Free State Dept Health	Mr Shuping (051) 405-4488	New build hospitals in Trompsburg and Lady Brand	Transaction Advisors to be appointed.		Not yet appointed	
7. Free State Dept Transport	Strover Maganedisa (051) 405-4226	Fleet Management	Feasibility Study complete.		Ernst & Young; Deloitte & Touche	
8. Free State Dept Social Development	Dr Shirley Havenga (051) 409-0894	Grants payment system	Treasury Approval II (A) - December 2002.		Ernst & Young	
9. Gauteng Dept Transport	Gautrans (011) 355-7300	Gautrain Rapid Rail Link	Application for revised Treasury Approval I and for approval to release Request for Proposals phase II documents. RFP phase II commencing November 2002.		Khuthale; Arcus Gibb; Kagiso Financial Services	
10. Gauteng Dept Agriculture, Conservation, Environment & Land Affairs	Michael Worsnip (011) 355-1400	Cradle of Humankind World Heritage Site	Treasury Approval II (B) December 2002. Negotiations.	Furneaux Stewart Gapp Consortium	PricewaterhouseCoopers; White & Case	

Provincial Departments		Contact official	Project	Status	Preferred Bidder	Transaction Advisors
11. Gauteng Dept of Agriculture, Conservation, Environment and Land Affairs	Fana Jiyane (011) 355-1911	Dinokeng tourism initiative	Inception.			Not yet appointed
12. KwaZulu-Natal Dept Economic Development and Tourism	Mel Clark (031) 310-5400	Dube Trade Port	Transaction Advisors to be appointed.			Not yet appointed
13. KwaZulu-Natal Dept Transport	G Mahlelela (033) 355-8886	Bus company restructuring	Transaction Advisors to be appointed.			
14. Limpopo Dept Public Works	Baldwin Ramasobane (015) 293-9000	IT: GIS web-enabled MIS for Province	Feasibility Study complete.			Anderson Alliance Group
15. Mpumalanga Dept Education	Jan Kriel (013) 766-5122	Schools	Transaction Advisors to be appointed.			Not yet appointed
16. Northern Cape Dept Public Works & Transport	Tshego Motaung (053) 839-2109	Provincial Government Office Accommodation Services	Treasury Approval I - October 2002.			Ignis
17. North West Dept of Transport	Teboho Molaba (018) 387-2443	Fleet Management	Feasibility Study underway.			Deloitte & Touche
18. North West Dept Transport	Teboho Molaba (018) 387-2443	Mafikeng Airport	Re-negotiating with Advisors on scope of work.			African Arc Consultants
19. Western Cape Dept Health	Japie Du Toit (021) 483-5844	Hermanus hospital-co-location project	Negotiations.		Mediclinic Holdings	Ignis
20. Western Cape Dept Health	Japie du Toit (021) 483-5844	Swellendam hospital co-location project	Feasibility Study underway.			Ignis
21. Western Cape Dept Health	Japie du Toit (021) 483-5844	Conradie Hospital replacement	Transaction Advisor to be appointed.			Not yet appointed
22. Western Cape Dept Health	Japie du Toit (021) 483-5844	Eerste River Hospital-Facility Management	Feasibility study underway.			Ignis
Public Entities	Contact official	Project	Status	Preferred Bidder	Transaction Advisors	
1. Bayworld (Port Elizabeth)	Sylvia van Zyl (041) 584-0650	Tourism, science educational facility	Options analysis.			Decathlon; Hofmeyr, Herstein & Gihwala
2. Eastern Cape Mayibuye Transport Corporation	André de Vries (082) 923-5226	Bus company restructuring	Feasibility study complete.			Deloitte & Touche
3. Greater St Lucia Wetlands Authority	Terri Castis (083) 309-3587	Eco-tourism: 11 business sites	Treasury Approval II (A) - December 2002.			White & Case; Delano Caras
4. National Housing Finance Corporation	Luthando Vutula (011) 644-9800	Rental Housing	Transaction Advisor to be appointed.			Not yet appointed
5. North West NTI	Teboho Molaba (018) 387-2443	Bus company restructuring	Feasibility study complete.			PricewaterhouseCoopers; Kwezi
6. Robben Island Museum	Lynette Maart (021) 409-5100	Robben Island Hospitality Facilities Development	In limbo.		Island Hospitality Group	In-house with Mallmicks Attorneys
7. Western Cape Nature Conservation Board	David Daitz (021) 483-5356	Eco-tourism: 15 business sites (10 small and medium, 5 large) on 12 reserves	Treasury Approval I - December 2002.			Dynacon Technologies; Bell, Dewar & Hall; Busico.
		INCEPTION	FEASIBILITY	PROCUREMENT	NEGOTIATIONS	

NATIONAL TREASURY'S PPP UNIT: EXPANDING EXCELLENCE



PPP Unit: Back row: Uven Bunsee (Senior Transaction Advisor – Legal), Talita van der Westhuizen (Admin), William Dachs (Senior Transaction Advisor Project Evaluation), Liesel Lombard (Gauteng Treasury secondment). Seated: Sheila Themba (Transaction Advisor Project Evaluation), Karen Breytenbach (Senior Transaction Advisor Financial Analysis), Aijaz Ahmad (Head of Unit), Sue Lund (Senior Transaction Advisor Business Development), Brenda Malongete (Transaction Advisor Legal). Front: Nelisiwe Mtsweni (Admin), Karabo Lethlaku (Admin). A further Senior Transaction Advisor Financial Analysis is to be appointed soon, and three additional secondees from Provincial Treasuries are expected to join the Unit in 2003.

Just two years old, the PPP Unit has an impressive portfolio of some 50 active projects under regulatory scrutiny, has designed comprehensive PPP policy, methodologies, guidelines, and training, has six closed deals behind it, and has an ambitious programme of PPP delivery and capacity-building ahead.

The PPP Unit has four cross-functional teams: Project Evaluation, Legal, Financial Analysis and Business Development which give specialist input on every project at various stages of its life-cycle. Each team also has a sectoral project focus as the point of client interface, and all members play roles in policy formulation and training.

How to contact:

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A professional and dedicated team of deal-makers, the PPP Unit's job is to support client departments and public entities every step of the often complex PPP path; to build market confidence in doing business with

the South African government; and to ensure that the deals are affordable, provide value-for-money for the tax payer, and appropriately allocate risk between the parties to the contract.

In line with its commitment to creating high-quality PPP skills and ability country-wide, the PPP Unit is offering one-year secondment positions for senior Provincial Treasury officials from 2003-2005. The offer involves the secondee working as a member of the National Treasury PPP Unit for the period, and returning to the Province thereafter to establish a similar Unit. Delegation of National Treasury PPP regulatory functions will be considered on the subsequent demonstrated capacity of the Provincial Treasury to regulate PPPs to the standards set by National Treasury.