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Factors that influence the time performance of the procurement process of public private partnership projects in South Africa from request for qualifications (RFQ) to financial close

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2015-05-08
http://hdl.handle.net/10539/17694

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TEXT MATRICES - CONSOLIDATED

		MAROPENG AND STERKFONTEIN PPP PROJECT		DSSA NEW HEAD OFFICE ACCOMODATION PPP PROJECT	DFA NEW HEAD OFFICE ACCOMODATION PPP PROJECT				DRDLR NEW HEAD OFFICE ACCOMODATION PPP PROJECT			
CATEGORY NO.	**CATEGORY DESCRIPTION**	**RESPONDENT 1**	**RESPONDENT 2**	**RESPONDENT 3**	**RESPONDENT 7**	**RESPONDENT 4**	**RESPONDENT 5**	**RESPONDENT 6**	**RESPONDNET 8**	**RESPONDENT 6**	**RESPONDENT 5**	**RESPONDENT 7**
1	**Political Will**											
1.1	Stong Political Will											
		the will is extremely important. We were very fortunate and even after Mary left, the guy that took her place, I don't even remember his name, but I do remember I didn't think he was the sharpest knife in the drawer. A very hands off attitude and I think a lot of that had to do with the fact that we always had the Vice Chancellor on board, positive, you know, so this guy didn't want to seem like an idiot next to the Wits vice Chancellor. So we never had a problem with political will.	Once we got the bids in. We had a – the adjudication, so I think that that's a win, and when you actually make it your full time job. I think a lot of people are busy, not just in government, and you're kind like we'll do a morning here and a day there. You cannot do. You have to block off that time. It's exhausting. You realize you are making decisions here	In this case she seems to have the support of the SG, the statistician general.	Political will is one area, so you do need to have high level support for a PPP project from your, from the political principles, but not just the political principles. But not just the political principles. So from the, you need high level support from the, I mean in the government point of view, either the HOD in a provincial PPP or the DG, in a national government department. So you need them to be on board and willing to be very supportive of the process. In effect they've got to put their careers on the line a little bit on it.	I'll tell you the other things that drive that sometimes, are budget. So government has got some money or a department has got money, but they are going to lose it if they don't spend it by the end of March. So let's quickly do a works project so we can get some of that money spent.	So they had all the political will and the minister at the time was the AU personality. Dlmaini Zuma. Also an impressive minister. The political will was very driven, they knew exactly what they wanted, so there wasn't a lack of political will in relation to this particular project.	Okay now a PPP hangs on three critical links, I think I've said, political commitment, political commitment, and political commitment.	The government department should be strong enough to say I'm happy to let it slide, let's move on, or we're not going to slide, let's negotiate this. That's just something that comes in.			
			It was amazing and we had various premiers and ministers and we had lots of middle events come and, now this land is down, now we're going to, at some point we were like, but I think it keeps the momentum going, it keeps everyone's eye on the ball and also I think for the people working on it keeps a real sense of achievement. This is something really big. This is not just a building and shopping centre	Stats although we haven't reached financial close, it's heading to be a success, and the people are involved and driven.	We ran it parallel and foreign affairs were very proactive in appointing their own officials at their own cost to sort out those issues – and that's where I'm saying it's not just about political will. It's about the will of the officials to go and interact with the DPW high level officials and get agreement – to get a mandate to run the stuff. If it doesn't happen then you're stuck in the DPW systems and politics. And then it's very very very, slow	Government's commitment to the PPP, I don't think that was an issue. I think the opposite here, the amount of money they spent on the early works showed they were quite committed to the project.	If the political will is there, and if the political will is there, it will mean that there is someone there who has an objective of driving the project through to conclusion. That person therefore will listen to people. Everything runs out of political will. After that is in place, everything else will happen.	Then with the project officer I'm now going to do this, I'm going to appoint not my friends as TA, I'm going to appoint the best TA as I can because I've got the commitment in place and that's why the only thing that counts in this world is political commitment. If you've got that in place, everything else will fall into line.	DDG or chief director is seldom going to sit in on a monthly steering committee or bi weekly or whatever it is, but do they have sufficient involvement to be demanding a monthly 20 minute update,			
			Huge champion. And speak with eloquence, you don't have to script them all the time. I mean Mbazimbe Shilowe we had to script, but when you president can stand up with complete confidence and talk about what you're doing. What else can you ask for. So that was really great.	Yes, the National Treasury has a full time representative on the project. This is another key issue on its success.	But, foreign affairs at the time had good, I mean Bernice, the DDG at that point or the CFO, because the CFO is a DDG was Mr. Plenny who is now the DG of home affairs. And together with the DG, we were very proactive in discussing stuff with DPW.		So if the political will is there, they get the advisors that they trust, they listen to the advisors, they get the process right, the advisors probably aren't perfect, but because the political will is there, you will drive it forward.					
				Now national treasury and public works has had a big wake up call and they have set up a special committee within Tshwane and National Public Works to try and fast track the project,	There was high level support there and that's what got it through – there was ministerial high level support. The minister of foreign affairs wanted to leave a legacy for her staff of a building that was world class African. That was the face of South Africa. That was her vision in the first discussions we had with her.							
				National Public Works and City of Tshwane, CTMM, they've now set up a special committee to effectively, Stats will be the first project, but I suspect there are a number of other of these projects lined up that will go through this committee, not to short circuit, but to finalise it.								
				From the top down it's right, now this is a special project. It must follow process, but let's prioritize it, get somebody responsible to walk it through.								
				I think it's a mixture of above average skills but everyone is trying to make this project happen. It's kind of to see political, this project has actually been driven by the next census, we've got to get it operational for six months before the next census. The next one is in 2016, so we've got to get them in before the next census.								
				The DDG from stats is putting the pressure big time.								
1.2	Lack of Political Will											
				It's a mess of town planning nonsense. For the last two years, looking backwards while they went through the whole feasibility stage and procurement stage is that it would appear that public works has done nothing.	It is. It's incredibly frustrating. I think a Lot of the timeline stuff, if there was an enabling environment from DPW on a lot of the projects, we could halve the time that the PPPs take.	…there was a precursor to this project where Public Works was leading it and then Foreign Affairs got tired of Public Works, and they took over the project.	Political will isn't there. Why, it's going to change. The hospitals were going out on RFQ on 12 August. They took it up, before 12 August to the DG to sign. The DG looked through and said maybe we should get the minister to sign this. It's still sitting there and those procurement documents won't go out until June next year at the earliest	I will go back and say the political will. I will bring it back and say you lose the political will and now the darn things have gone on hold. And that's a political will issue. I agree with it but I bring it back and say political will.	You might shift, what often happens within government and most of the delays on government side, you've arranged a meeting with the director general. The day before the meeting or the morning of the meeting, oh no he's been called to the minister. Let's reschedule. So you don't get the meeting tomorrow, you get it in a month's time. Some little delays start creeping or the CFO or the DDG or whatever. Little delays start creeping on the timeline on one level.	…and so from a speed point of view, it's again nervousness on government and it comes back to the political commitment.		The length of negotiations there have been lack of institutional support within land affairs. I thank that's been one of the major items.

					Left a dent, left a mine shaft. Left a massive hole. There were four prisons, three or four consortiums, I think three consortiums per prison. Average price 10 – 25 million times four, 100 million per bidder. 3 bidders, 300 million. From what I understand and I'm not involved in the process, they haven't ever opened the bids from what I hear from rumour in the markets. So they wasted R300 million of the private sector's money. A lot of people don't take kindly to that.	Particularly on the government side. Too often, somebody else has a day job and this is just a part thing of what they do		On Bara hospital, we never found the client, which is province. So we're running the rebuild of Bara hospital without the client. It's going to fall over. It's going to fall over, right.	National treasury is PPP, while they have approval authority at certain key junctures, the project remains with the client department, so treasury can't make it happen, if the government department doesn't want it to happen, it changes their mind or is slow. Treasury can push and push, but they have no power of moving the process and if a client debarment changes their mind, treasury can't do anything. Even though the hold approval.	They've got a spec they're working to and procurement went through against that and they've come up with a figure. Procurement went through against the spec. So it says I want gold plated office walls. I'm just putting it there. And now they're saying hang on a second and they got a design back. Now they're saying but we want to drop the cost.		And the lack of strong administrative and political driving there has been a huge – mission.
						An election coming up, and they don't know if they are going to be the minister beyond the election, they want the building finished before, but that generally follows a delay on government side, they said they would evaluate in three weeks and it's taken four months or they said that they appoint in a month and it's taken six months.			Why should we put our prisoners to PPPs. Why should we get the private sector to provide custodial services, the prison guards. Now that's a valid question, but not at that stage of the process.			
						Pegging down the project, just agreeing, that's enough input and you can run and get everybody's input and run round and round. We are facing that on another project at the moment. Can just be too much input, trying to keep everybody happy. At some point somebody must just make a decision.			And the hospitals are becoming a problem. Chris Hani Baragwaneth has been talked about for years. And every now and again you read promises, the RFQ is going to come out, and it doesn't happen. So the delays are essentially, I think in government's inability to make big ticket decisions, timeously.			
						And as I say, for me, early works have almost always been on the back of government side, just picking on government because there are times when it's private, but – it's become a response to somebody's arbitrary deadline and somebody's delay.			You get big delays and minor delays. That's why it takes a long time. The other fact that can be problematic is that treasury has a regulatory function, a funding function, they will provide technical advice to the department, but the department itself owns the process			
									So a lot of the delays were to be honest because of the unhappy reserve bidder and the initial court interaction and I think government took its mind off this project, and were possibly nervous about having, there's still a potential for a second court interaction that goes to formal review, and I think that process just made a lot of people nervous…			
									…but what does happen is you have an inflation construction that is ticking every month in the background. You mentioned people are aware of it and horrified but it doesn't often translate into a decision, a sense of urgency.			
									But the DG and the minister need to be on the same page, otherwise it's not going to happen.			
									Decisions need to be made quickly and officially and efficiently and so if a meeting is cancelled, we don't want to wait a month to have another one. Then it's important and topical and things move. It's a level of political commitment from senior management within a government department. That's the biggest thing, so the PPPs they take long.			
2	**Communication**											
2.1	Open Communication Structures											
					And she was brought in at a high enough level in the structure, to be able to discuss with senior management, I think she was at a director level there.			What Bernice had, she was a chief director and her DDG was sitting right there in the office with her, which was Mr. Pleeney, who is now – and he was right below the DG. So if you look at that one and you look at DBE again, Johan Visser had direct access to the DG	Where different people were more involved or less involved, and when they are more involved it certainly helps move the thing along. So you do need someone to take, ideally you want your DG to be briefed quarterly. Your DDG to be briefed monthly and you want to also brief your minister quarterly as well.			
					Naturally in government you have DG and then you have deputy director generals and the section, the division or department or branch and then under that you will have chief directors who will run certain areas in that branchy and then below that you will have a director. She was brought in as a director but administratively she didn't report through three layers. She reported directly to the CFO at the time and had an open line to the DG.				But you also have, want to brief the project champion, either DDG or chief director or regularly enough that they can also have their own briefing with the DG and bounce things back and forth.			

					Hugely important, that was the project. She was, not intimately involved, but she kept tabs on it. The DDG used to brief her and Bernice used to brief her and Mr. Plen used to brief her going through it and at certain times we used to go as a team and brief her.								
2.2	Buracrautic Communication Structures												
					But they are – obstructive, they are bureaucratic, they, a lot of them, I'm not saying all of them.				And government is still quite bureaucratic in that way. So from the top down you have the DG, Deputy Director General, Chief Director and the Director. That's senior management. Facilities is usually on a deputy director level. Not in senior management. They say oh it's a head office. It's a building project. It's a facilities thing. The report there. So to get a decision, you've got to go through like 5 people. The memo goes up and goes down. Before you get a decision. So if that's, if you're not reporting into the right level, you have that problem.				
3	**Turnover**												
3.1	Low Turnover of Staff												
		It was only after the project was completed.						They've got a very good, Bernice is still there, and she's got a lady contracts manager, I think it's Annette					
3.2	High Turnover of Staff												
		one of the problems I have, not with this project but doing public private partnership here in SA is a lack of political will, is the fact that there's a tremendous turnover, not only the politicians but senior officials, and you know you can spend 16 months with officials getting him or her up to speed and everything is, and then he or she leaves. It happens all the time.		In my view the PPP unit historically has had a very high turnover in staff, so case in point of King Edward, we had three people from the PPP unit during our process to get nowhere. It is very disruptive.		It is a unit that has a high turnover of people. There are a few people who have been there for a long time. Karen Breytenbach has been there a long time, but there are very few who have been there for a long time. The rest there is a high turnover of people.	The point I was going to make, that skill is grown, within a department, they then get absorbed into other functions. If you want to build a PPP procurement experience, you pull all the skills, you take Bernice Africa from a foreign affairs project and allow her to run a Stats SA and that's not what has happened. So that skill, gets lost in the system.		Then it was about 4 billion, now it would probably be about 6 or 7. If anything. The bids were never opened. Because the minister changed and the minister said no this is what we do.	The first thing that surprises me a little is that they have at or around financial close, getting there, they've changed their technical advisor from who was running, who will be running it. Which means a lot of institutional knowledge has gone out of the door. Given that the industry is fairly small, the guys who have got in, it's just a slightly unusual way of doing it.		There's been a change of DGs, turnover of staff.
		Here at treasury one way or another since 2004, it was 10 years now and my colleagues are all about him, say – you can hardly maintain any sort of communication with any official in any of the departments for more than four or five months and they're gone. It's very distressing.		You work so hard, your project is a TA 3, the PPP guy hasn't been involved, his job is to take the TA 3 submission and walk it through the various departments to get approval, now if he doesn't understand what's gone into it, every query that they raise he's not going to be able to answer and it goes back to the advisors		the PPP unit was, it came back four years, it was different people.	Public works had a department called APOX which was supposed to be their PPP delivery unit, and it was run by Eric Mancini and got going and then Eric left, and Bernice came in and then Peter Chapasko ran it because there was no one there		If people change, that process wobbles.			
		That's the biggest problem, in today's PPP department that's the biggest problem. That's exactly what it was. They went through four or five heads of correction in that period of time, and finally one of them said no I've had it, plugging the whole thing. Immeasurable damage in the market place. These people spent 100s of 1000s of rands. To have the plug pulled. Never deals with them again.				What did happen here at some point, because of the whole Murray and Robert, so they chopped the knees a little bit from that individual, there was a crisis of leadership in the project,			Especially if the original champion has disappeared and other people have inherited this project and now have to run with it.			
						and for a period he worked on the thing and pushed it, but he didn't have, for him it was a paying job, whereas for the other guy, yes he got paid by the company he worked for but the project was his passion. We lost a lot of momentum with that.			...the project champion had disappeared long ago and with a lot of things particularly in the case of head offices, they are not core service delivery.			
						Our process is we had that individual who was driving it. There was a, with the Murray and Roberts takeovers, crisis in leadership, people bashed heads a bit and so on. We were told to get a new leader, by the department.			We had several different people from the PPP unit involved, which also because the project took so long. Some people resign, some don't			
						Target dates and those sort of political things, elections and change in ministers, it takes your eye off the thing.			If they also see a project is – they will help move a project along as much as they can, but if a project is not going to move, they are going to focus their attention elsewhere.			
									The project went to about four CFOs and three DGs and two ministers. Different people had different attention spans			
									One of the casualties is if your project takes forever, your project champions might have moved on. Both within government, treasury, project officers, and even on your advisory team, people			
									Yes. There were definitely points in the project, where the champion, there wasn't always the same champion			
4	**Skills and Capacity**												
4.1	Requisite Skills and Capacity												

		And in terms of gender specifications, that's where we brought in the people from Wits. It's, it becomes a big team effort where the expertise from Wits, we access whatever expertise we could find that was appropriate for the focus of that.	But what we also did is that we decided that there were certain areas, where we didn't have the technique. So we brought in an I, we didn't charge us. He was keen to see what we were doing. Brought in the guy whose the head of all museums in London	[Strover Mochanetsi] has been around the PPP unit for a long time, so I don't know if he's a senior person in there but he understands the process, so he's been very helpful in sort of getting government side, not being aligned with the treasury and it's a capital contribution so government is putting money in. He's been very proactive in helping the project getting to where it is now.	I mean there were specific individuals so they had a very competent project officer, a lady by the name of Bernice Africa who was dedicated to the project. She wasn't doing it as just as aside, she was brought into the project to run it. So that is key. That is key	Public Works is supposed to be the landlord for government so they should do it but the unit is pretty starved, think about that.	The PPP nit was a key role player and then obviously the DFA, the person from the PPP unit was as I had indicated, and she has experienced in terms of PPPs and in terms of capital procurements.		...so the steering committees quite crucial, are they mandated, are they skilled enough,			
		the people that Trish met on her side, including myself and John were and are a humble estimation, up to the task.	And this guy, what was interesting is my background is also in the hotel industry. They're letting things you don't realize you know. You can't have an entrance like this and s staircase like this. You will cause a bottleneck,. You can't have a entrance like this, corridor like this and a toilet like this. So we get into that level of nitty gritty. For the actual design process, we said we just want a concept and the scientists sat through all that adjudication, they were part of that team	The department of Stats, as I mentioned earlier on are very – very conscious of their procurement processes and insist that everything is recorded like we're doing now and if we introduce a new party, they've got to be approved an all of these things so their whole supply chain management is very active. So yes I would say it's a skilled unit.	They were fantastic ja. Ja no, Bernice was brilliant. Really really good official and you had the same in stats, the DDG there is superb.	Karen Breytenbach was the person there, and she is very competent.	As we started approaching the implementation, signing of the contracts, Denise brought in contract management people and certainly were more than adequately schooled.					
			While we were doing it – I remember that well. I think Treasury and the National Department of Environmental affairs, people who did PDPs in the tourism sector, we would get hold of them and say how did we do this. We could really learn from them. That process was interesting, it allowed us to think through what we're doing. In a room full of people who had no stake in this project. That's really clever, no agenda, so that was quite interesting	I think from our bidding perspective one of the successes has been the expertise of an outing, in other words we've had one or two new parties to PPPs, but very experienced PPPs.	It's because of a culture of excellence in the organisation. Dirco is a very, very professionally run well managed complete organisation.	They were very supportive. And also advising the department on treasuries requirements, contingent liabilities, stuff like that.						
			We used a Wits facility manager to sign off on that stuff. So because we had our own infrastructure people. So like women would go on site and say it looks so pretty. We would count, so, as a team we work well together, so Wits even helped us with that level of technical expertise to be able to sign – [unclear] we used the transaction advisor and the lawyer with help from treasury. That wasn't an issue for us			But they were well prepared, they knew what they wanted, done a proper feasibility, good project manager, site issues were pretty sorted as far as I recall.						
						Lack of trust in skills, not really. I think the people involved knew enough – they could almost get over one hurdle and then have a problem with the other.						
4.2	Lack of Skills and Capacity											
					...the ongoing issue is the top of it but that sort of stuff in DPW means that you have government departments that have fantastic people and the desire for service delivery but are frustrated beyond belief because of the incompetence, the complete and utter, total incompetence of DPW and their officials.	So planned skilled unit. The people involved were good. Good TA team,	Because of the procurement approach the level of skill required is quite high. You made a point about this market being, the pool of skill is quite small. Not because we wanted to retain such a small level of skill. But because of the level of skill that is required.		Essentially one of the big challenges with an irregular pipeline is it makes it hard for the various groups to skill up, to retain skills in that field. So it affects the contractors, their concessions divisions and we are going to close down. It also affects the advisors so at different times over the past few years, different teams of advisors have been more prominent or less prominent. And it's really around the individuals that they have and how many projects that they happen to be working on.			
							The problem that we've got, if you go to DBE, go and get Johann Visser. For about probably the longest of anyone. He started about 2000. He knows it right through. He will always hire an advisor and he's very specific about it. So he is good, you've got Carine here from treasury. You've got the DFA. You will probably start to run out of people		And arguably as well this is very new to them, they don't often do project finance type deals or PPP type deals a different procurement process. Most government departments only ever do one PPP so they're not skilled for it, so they have to learn along the way. Once they've learned they're never going to do another one. So the next department. So that is a problem.			
							...but then again if you look at the skills base of the people, to be able to acquire that knowledge, is, you can't take someone who's a junior clerk and say okay we will give them a three day – I mean you know, suddenly they become – it's not going to happen. It's a newish industry in SA, 12, 13 years, probably from about – and for people to get that skill and learn it is, is taking years		And the other thing is as I say most government departments will do one PPP and it's out of their skill set. It's out, a slightly different procurement process which is another area of complication.			

							then the problem that they, didn't have it staffed, the top guys, Eric Mancini, and Peter Turner as well but the staff below that, didn't have it to be able to run it as project managers. So what you are looking at, probably because they were a directive or a deputy director, you couldn't attract the right people. If you ask me where should it sit, public works should have, delivering office accommodation for the state, will they do it? I doubt it.		Active involvement from at least deputy director general, that's on board involved in your project is going to suffer. Particularly when you start doing negotiations, otherwise your negotiation team runs and does the best they can and hopefully the government does the best.			
5	**Standardisation**												
5.1	Standardisation procurement documentation												
		The standardization was the product of quite an extensive process where all the best legal minds in South Africa made a contribution. So the fact that one of the very good ones put together this contract meant that didn't vary from it a lot.		What happened on Stats, and those can be very lengthy, what happens on stats, which is very clever, is they did an initial round, and they said here is our PPP agreement. Mark it up, which we all did, they then came back and took all the bidders comments. Say we like this, we don't like that. Then they issued the revised PPP and said take it or leave it. We are still in a very competitive environment where we are wanting to get at the deal where we are more inclined to accept the position	But a general comment on standardization is that the IPP programme which has taken up – their department of energies, all of the renewable stuff, the wind and things like that has shown that with a set of standardization and a set of documents that the market knows and so forth and so on, you can substantially reduce the process and you can churn projects through,				...you can do what they've done in the renewable energy process recently, that's the contract, price that. We're not negotiating. That's one approach. Then you must know your agreement and schedules must be bankable			
		We've never had a dispute of any magnitude at all. I think a lot of it goes back to the contracts, very clear.		The PPP was closed, couldn't comment. Yes we're cross referencing, we are addressed on. But, so 6 months legal negotiations disappeared.	I think the IPP programme has proved beyond a doubt that the market knows before they bid, can mitigate the risk and has accordingly shown to be the best way of doing it. It cuts down negotiation time, makes evaluations a lot of easier and provides certainty to the banks and the lenders.				Procurement documentation, it's inherently, it's happening. Because it's such a small market, so people kind of know what's beginning to be accepted, what was granted on one project, and therefore it now becomes, to be granted on another project.			
				So I think it's a great way, if I was an advisor I would definitely do that,									
				We spoke about, we got a strong public procurement framework, finalization of documentation – it is all standardization, about the PPP agreement, negotiated [unclear] – servicing performance – service performance standards were in the PPP agreement,									
				Then during procurement, it's also the same issues, if you've got those concise documents, the trick of negotiating the PPP agreement when you are at your most competitive.									
5.2	Non-Standardised procurement documentation												
		Regulation 16 was in a much cruder form at this time, but that was a process to follow RFQ, RFP.			Standardization of procurement document, yes, and very simply foreign affairs didn't have standard documentation. They used standardization but it wasn't in place when we did that. Standardizations only came in during the project and we adapted it and made sure it was in.	One of the things may be not so much the adjudication but the negotiation process. It was a lot of negotiation post the submission. There was a lot of changes, add this and take that. I think that was one of the things that added the time frame, it was long.	It's good in theory. Remember I said to you yesterday about the initiative to create standardization too. Because standardization as it currently exists, you've probably read it, it's not bankable. So it doesn't help beating on that drum. You can't bank the projects.		Procurement went relatively efficiently to tender close. From RFQ to RFP to submission of the RFP, that actually went relatively efficiently. The next big timing gap that happens is how long are you going to negotiate for?			
						The other complication caused in that time was time delays and time delays resulted in issues around repricing.	Lending type issues. When I say not bankable, the provisions in the trip, provisions relating to termination, not accepted by the banks.		Land Affairs didn't have that. We didn't have that step. We said this is an agreement mark it up in your bids and we will deal with it then, which can lead to a lengthy negotiation.			
						And I think this was one of the time issues that came out of this project, how long can you hold your price, certain for.			Relief events – in other words, what counts as a project delay, compensation events, delay with compensation, and termination events. He gets how much, contributory termination events. Those are the big issues. That's what it was.			
						They weren't agreed upfront, that was for us one of the lessons that came out of this, was to have agreed indices, as part of the RFP rules, to be very clear, the contract must be valid for, there is value for money in having that period short, certainty in having it long.						
						For us the learning was, I don't think we know all the answers but people need to at least think about it in their project. How long should it be valid for, how do you roll prices forward, beyond that. And for how long can you keep doing that, before you have to reprice. And I, it's going to be on a project for project basis. Those indices never suit your project.						

6	**Project Champion**											
6.1	Strong project champion											
		[Trish] did it all. She was a tiger. She had a phenomenal ability to randomly take notes at the same time. She would sit there, five minutes ago you said, you know, just so phenomenal a person. A whole different meaning to the term multitasking. She could do it.		They have their project officer, the DDG for Stats, and she's in charge of supply chain management and various other aspects, and she is incredibly dynamic driven, powerful person. And she has the energy that has got us to where we are today	I mean you've almost got to be, a champion for your project and you've got to drive it through no matter what, what obstacles come your way. You're going to have 1,000 obstacles, take the knock, work your way around it, take the next knock, work your way around it, take the next knock, work your way around it. You get there eventually and everybody then will want to take the glory.	whereas, when we got involved in part two, there was a project manager that were reporting directly to the CFO and was almost exclusively devoted to this project. So she had, good exposure to the DG and the minister	You've got to have a strong project champion. Absolutely.	Bernice set up a programme where she was negotiating every two weeks, and she had a programme set up and within three months, we had everything done and dusted except two issues	Also having senior member of government either on the steering committee or getting briefed significantly to keep an eye on this thing or to push if necessary.			
		She kept us both on her toes but we were able to meet her needs. She didn't have to badger us. If she wanted her documents, she got it but she was the driver of it from day one and Mary as the head of department gave her full backing.		because of her personality and drive she tends to make all the decisions	So she knew the systems that, and how to deal with it but she wasn't an obstructive official, she was a very driven proactive official and between her and Mr. Plenny and the DG, they managed the process and got approvals for Dirco to do their own processes.	I think from our side, our view, successful sites require strong project managers, which I suppose goes without saying.	All of the above. A project champion in all respects. Someone who is going to sort out the political sphere.	It might have slipped a bit, and the negotiations, Bernice had it sorted out down to a T. Very tight scheduled and we negotiated this thing, if we had run as it should have and they'd sorted out, we could have signed that contract, taking Christmas, within four operating months.				
				I don't want to use the word overpowering, but she is so driven and makes every decision and delivers on her promises. That they sort of just go along with the flow. This is just one key issue that has made the project, has got the project to where it is today		It's a very involved, lots of involvement and negotiation meetings, very aware of what was happening with the project. Seemed very supportive of the department, in finding out ideas, and solving solutions and so forth.		What I'm saying is that if the negotiations are run properly, you could probably sort the negotiations out in four months. It can be done. And she demonstrated it.				
				Mondays are technical negotiations, Tuesdays are finance, Wednesdays are legal, she expected her team there, she expected our whole team there, and now that list has got shorter, now every Monday we have these meetings and you've got to have your reports back to Stats, or Stats have got to get back to us on Thursdays, and you've got the Friday or weekend to agree, and if you miss it…		Individual champions, project manager was really good. I think there were two, there was one on the TA side from Concorde who really drove this project. From the bidding side, not Concorde. The bidding side. So the leader of the project. And then there was the project manager from the department side.		Three months. Bernice did it.				
				I don't know if you ever met Katherine, she is an American lady, she was also very driven and focused in closing the project		you need somebody who is almost going to eat and sleep this project.		She set up a process and published it and told everyone we will meet for two days. We will then write up the markups in two days. We will then give it to you, you've got two days. You then write up the markups and send it back to us. We've got a day to review them and we then meet again for two days. That discipline, and she ran it every two weeks. It wasn't a well, depends. Two weeks, that was it. And she did it and we had two issues left over.				
						It's just about keeping up meetings, keeping the thing on track, minutes get out and so on.		That will then shorten up, but I will still go back and say that Bernice in three months has done it ..				
						if you have to say what is the ideal project manager, it's a 55 year old guy, with an engineering background, who sees that project as his like milestone project, so he will come in, maybe he's even slightly older, he will come in, manage it through the bid, financial close, everything else, construction, bed it all down.						
						But we sort of saw it on Chapman's Peak a bit, we saw it on the hospital project, so it comes back to this individual. So I think that's - for us it's important.						
						I think the project manager on both sides. Almost a dedicated team. Particularly once you get into that negotiation.						
6.2	Weak project champion											
						The first time we were involved, if we call it foreign affairs part one, we were working through public works, there was a project manager from foreign affairs. But we sort of got the sense it was somebody who once saw the DG in a lift, but only once.			Government also, if you don't have, like any project, if you don't have a really strong project champion owner, it takes forever to get decisions made, and unless decisions are made, the project can't commence. And so a lot of time government is poor at making quick decisions.				You know in effect the accounting officer signs off on everything that comes to the treasury. If that's not driven and he's 100% behind the stuff. For him to get through – there's a chain there, and if anyone of that chain is not strong, the project will suffer.
7	**Client Structure**											
7.1	Single Client body											
7.2	Multiple client body											
				I can talk to you about King Edward Hospital project in Durban, we were the transaction advisors and all of that. They have national health, they have provincial health, they have the university, they have departmental education, they have national and provincial treasury and what's another body. The same project, and there's no one leader, there's no decisions ever made, no projects three years down, they still don't have one comment on the needs analysis report			If you consider it from the perspective of the department procuring, you said that the department themselves don't necessarily have the necessary skills and so they look to treasury to provide those skills, and it's from an advisor's perspective, you're then serving two masters. And therein, you get challenges		I think government's commitment, the big thing is who owns the project. National government, or provincial, is it treasury or the institution, government department.				

				Then you can take, where you have your conglomerate of client decisions where you just go around in circles			It can only be from my perspective, I don't participate in all the discussions between departments. It gives rise to conflicts, so you get different, differing instructions					
				Then on the other end of the scale, you would find that foreign affairs and all these hospital programmes that are coming out where you've got this very complex client bodies, where there is no decision making in that. The other party of these hospitals, DBSA and then as I said it's three years into the programme and we haven't had one comment on the needs analysis. Because of this monster that, and then you overload the sort of political issues, the provincial issues, education and health type issues, [general discussion] – the universities who want the Rolls Royce.							
				Baragwanath was the first of these hospitals that came out and was run by Gauteng Health. National health got involved because they said we've got all of these central hospitals scattered all over the country, let's put them all together. But as soon as they did that, Baragwanath was ready to go to the market. Three or four years ago.								
8	**Client Type**											
8.1	Sophisticated											
8.2	Unsophisticated (naïve)											
				Lesotho was also, the hospital was also a success story. There we had a very naïve client if I can call it that, that didn't really participate actively								
				It was quick, so there, we had the ministry of health, taking a lesser role, and placing huge faith in the transaction advisors and getting us there								
				If you take, we did another project a few years back for SADC in Botswana, then you have a completely naïve client, he was never involved at all. Their transaction advisors were PWC. Very similar, we did that in 9 months. It was built, and I think it was a success story								
				I think they are a lot easier and I think that is purely from a timing aspect and that is purely because as I explained earlier on we had a naïve less involved client. So from our perspective it was fast and it did go well.								
9	**Land Matters**											
9.1	Resolved land matters											
		Going down this list there were no town or land matters that I can recall.						I'm sitting on this land, I know – but you know what it needs to be, the township needs to be done, DFA was two separate erven, now they need to be consolidated, but we can play with that.				
9.2	Unresolved land matters											
				The other issue that is relevant is the land availability.	So the land enablement issue, to allow projects to happen, if they're not in place it delays the process and I mean, all through a lot of projects, we've seen the enablement of land process, being the main hindrance to a project completion.	The environmental was trick and it did cause some delays.						
				We came on board and we said we want consent use on the land so they then appointed town planners and they are consolidating and moving power lines and doing all sorts of wonderful things. So this is a force that will determine financial closes.								
				There are two little informal crèches that need to be moved off site and a new one rebuilt, and then a road servitude that goes through the middle of the site that we can't build across, but it's part of the available land and it's only when we did our due diligence, we realized it was a servitude, so now it needs to go to the high court to have this road servitude.								
				I think in this case, probably the department of stats wasn't well advised, they thought we could just carry on, but when they realize that no one was prepared to fund until the land was unencumbered then they suddenly realized that they had a problem.								
				When you go through your TA process, your consulting process, you have to have the land available and yes the land is available in our government, so it's not owned by a third party, but just to clear it up, get all the servitudes out of the way, they haven't all rezoned								

				Africa in some ways are, is easier, because you can go faster,								
10	**External Factors**											
10.1	Legal contention											
								What happened on the case of Land or Rural Development was the reserve bidder was unhappy. Legally unhappy.	they then appointed a preferred bidder and the losing bidder, or one of the losing bidders then instituted an action and that's, they then, they went into a freeze then and it sat in the freeze for six or nine months, however long.	The big thing at land affairs, was that the thing that caused all the mayhem, and it continues to call mayhem. It's still an issue. We finished the negotiations. The documents are all finished	
								There was then, senior management and the minister were applying their minds, quite a delay between the submission of the concluded documents, and submission to treasury, for final approval to sign.		We won the case, but the – problem is we won the interdicts in respect of the urgency, the urgency, there was no award but he didn't hear the merits of the – the heart of the contention. You make the award then the department is on the hook so people are a little bit nervous. They're saying the procurement process is flawed.	
10.2	Change of concenssionaire structure											
						Challenges of the project, I think we've mentioned a couple. Changing ownership of number of shareholders.	The issues on Foreign Affairs in terms of the delay was largely centred around the change in the consortium, when we were almost done with the negotiations and we, members of the consortium, when they were appointed, were being led by Concorde. A very critical stage in the negotiations, bought out by Murray and Roberts and they came in with new and different views, and of course there weren't immediately accepted by the department,...	We then came back in January and in the, in the period of preferred bidder Concorde being sold to Murray and Roberts. We came back in January and it was obvious Murray and Roberts wanted two things. They wanted our bidder to be thrown out – [unclear] – they wanted the reserve bidder brought in and they owned both. They owned Concorde as shareholders and the thing is the returns on our bid were not as good as the returns on the reserve bank and that became quite obvious, as to what the game was and it was very ugly. We became particularly ugly.				
							Well the challenge, on foreign affairs, the bidder was appointed somewhere around September. It would have been September 2009 I guess. By December 2009 we were largely done, it might have been 2008 and that was December 2008, the Concore take over announcement was made. And so it came back in January, there were two issues outstanding, stuff that we didn't like in their bed and when it came back in January, Murray and Roberts didn't like a whole load of stuff so then we went backwards. So that's where the wheels fell off.	Then Murray and Roberts tried to can the project, in my view, because they weren't particularly interested in it. What happened was this went on for about six or nine months, this whole fighting an backwards and forwards, messing around.				
10.3	Lack of Fuding											
				Just prior to the bid going in we had to, DBSA pulled out of all BEE funding on accommodation deals which had left us in the predicament where we are now. But we will add to that just now. Then Investec also made a similar decision to no longer support accommodation deals.		...after Murray and Roberts took over Concorde they didn't want to be shareholders in the private party any more. They didn't see that the returns were sufficient, and they thought they were taking too much risk. So they withdrew as a shareholder, which then created a problem because now the private party had a big gap in their funding, didn't have the main contractor as a shareholder.						
				We are currently working on two issues with Stats, one is funding, which as I mentioned earlier on the DBSA has pulled out on		Other issues, external environment, 2008 financial crisis was an issue.						
				There is definitely an affordability problem. You're dictating, you've got to do all this BEE requirements, which is fine, and historically you've given us a vehicle in DBSA to do the funding, now you take it away. It's like giving a kid a bag of chips and then taking it away.		Financial challenges as I said, not so much dependable revenues. Affordability became tight, so that became an issue. The 2008 crisis was an issue.						
				To all the funding, all the banks, all the IDCs and NEFs and DTIs of this world, we've gone to all those asset management companies, Old Mutual, we're getting interest from Royal Bafokeng at the moment. That's where we're at.		Your approval was only for 100 million so now it's 105 so you need a revised TA. Contributed to that affordability was interest rates, because of the financial crisis. Interest rates have gone up. It's through no fault of anybody's, the affordability has changed. The availability of funds wasn't an issue, but liquidity was an issue which was a 2008 problem, so money was available but it's just going to cost more. Whereas before there was a small issue for raising money, it became a big cost.						
				At the moment the market's been flooded with these power projects, be it – through PPPs, so impact of that being, of that had been the PPP unit has been sucked, all its resources are based on those projects at the moment. And also from a market perspective, one of the finance houses have had their resources drained, both human resources and cash, in the debt funding, so these projects are now starting to compete to get funding.								

				Now we kept reentering the phase where there's too much work, all at once, as opposed to guys, this is for the next five years, we've got 30 billion to spend over the next five years. Now they're saying guys there's R30 billion for next year. Again it's the human capital side, the debt funding side.								