

Minister of Public Works
Mr J Radebe
26 September 1996

[Back](#)

At the International Federation of Consulting Engineers and World Bank Conference on Procurement, Documentation Procedures and Funding

Chairperson and distinguished participants, it is indeed a great pleasure for one to be invited to deliver the opening address at this conference of FIDIC and the World Bank on procurement, documentation, procedures and funding.

Since our transition to democracy in 1994, the democratic Government of South Africa has been putting in place building blocks in gear. Documents relating to growth, equity and redistribution clearly reflect this country's commitment to be an integral part of the broader league of nations. It is within this context that one needs to view the construction industry in South Africa.

The construction industry in South Africa has been targeted as one of the key areas to kick-start the country's economy. The vast infrastructural backlogs make it inoperative that Government invests substantially in this sector, so as to ensure that the country's citizenry benefits from our shift to democracy. This issue is not only demand-driven but it is based on a sound analysis of international experience that investment on infrastructure is one of the critical elements that enhance both local and international investor confidence.

The construction industry in this country is undergoing significant changes and the South African Government is committed to ensuring that we create an enabling environment for this industry to respond appropriately to the country's challenges.

We therefore welcome the various approaches to dispute resolution that are presented by FIDIC and the World Bank, and wish to state that the South African Government is seriously considering these approaches into inclusion in its current documentation.

Before I conclude, I believe it is most appropriate to inform this gathering of the progress made by the South African Government in reinforcing and strengthening our partnership with the private sector within the sphere of construction and property management.

I have had the opportunity to look at your programme and I see that you will discuss privately financed infrastructural projects on day 2. This discussion comes at an appropriate time in South Africa's history, and while most of the discussions on this matter have gravitated around roads and water projects - Nowhere there are clearly defined end user payment schemes - we believe that the discussion should be extended to other forms of infrastructure, such as prisons, government accommodation, hospitals, etc.

It is within this context that we have framed the Asset Procurement and Operating Partnerships (APOPS), which is due to be tabled before Cabinet shortly. It is envisaged that pilot projects within this framework will be initiated before the year's end.

APOPS represents a shift from procuring a public asset to the procurement of a long-term service contract, which is underpinned by an asset belonging to the private sector. APOPS attempts to harness the synergies and innovation within the private sector, that are possible by combining the design, construction, maintenance and operation of a facility, thus outweighing the premium of the private sector funding into the project.

This process shall be underpinned by the transfer of the appropriate project risk to the private sector by a life cycle assessment of the respective facility. Whilst it is acknowledged that the contractual relationships that emanate from such projects are fairly complex and customised, we believe that the time is now appropriate for the international body of knowledge on these types of contracts, including organisations like FIDIC, to prepare guidelines and model forms of contract under which design, build, finance and operational contracts should take place, especially for public sector projects where there are no clearly defined end user payment streams. This is the challenge that I leave with you today.

In conclusion, it has been a great pleasure for me to address this conference, which includes both local and international specialists. It is events like these that reaffirm my belief that South Africa is being irreversibly integrated into the broader league of nations. It is in periods of discontinuous change that South Africa is going through that draw forth the innovators and pioneers on a new systems and processes.

I therefore believe that this country, both in the public and private sectors, could contribute significantly to the development of never thinking on construction procurement systems. I wish you well in your further deliberations.

I thank you.

[top](#)