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CHAPTER 3: DEVELOPMENT PROCESS

In response to the growing need to look to the private sector to generate funds for road development, maintenance and rehabilitation, SANRAL developed an Unsolicited Proposal Policy in May 1999. This policy is aimed at stimulating and creating new opportunities for the private sector in road transport infrastructure development, maintenance and operation. It provides a framework for the private sector within which unsolicited proposals should be prepared.

In general, proposals should reflect a conformance with governmental aims, be in the public interest, avoid the creation of monopolistic practices, not seek to place onerous conditions upon government (for example, no explicit government guarantees will be issued), and reflect environmental, social and economic sustainability.

Should the scheme meet the long-term requirements of SANRAL, the parties submitting the Unsolicited Proposal would be awarded 'Scheme Developer Status'. The Scheme Developer is given an opportunity to develop its proposed scheme further in order that SANRAL may ascertain the financial, technical and environmental feasibility of the proposal, before it is considered for open tender.

Additional Unsolicited Proposals that have been considered by SANRAL include the N2 Wild Coast Toll Project, and the N1/N2 Protea Parkway Toll Road.

The Unsolicited Proposal Process under which this project has been submitted is briefly outlined below.

3.1 INITIAL PHASE OF SCHEME DEVELOPMENT

This phase included specialist input, which assisted in informing the developers on the viability of the proposed road. This phase was undertaken during 2000 and 2001. The studies undertaken included:

- A Scoping study to identify key issues for further environmental assessment,
- A detailed traffic and tolling study, and
- A preliminary engineering assessment.

Based on the above information and recommendations, SANRAL accepted the project and permitted it to continue into the Final Phase of Scheme Development.

3.2 FINAL PHASE OF SCHEME DEVELOPMENT (THE PROCESS IS HERE NOW)

Subsequent to this decision, the EIA commenced in response to all the issues raised during the Scoping phase. Preliminary road design also commenced to inform the EIA as well as be influenced by its findings and recommendations thereof. The preliminary road design would be used for tender purposes.

In addition and upon completion of the EIA process, the preparation of tender documentation, comprising an invitation to tender for a BOT concession contract to design, build, operate and maintain the route for a period of 30 years will also take place. As with other BOT concessions, the construction of new infrastructure as well as the upgrading of the existing infrastructure would be funded entirely from the private sector.

3.3 TENDER PROCESS

SANRAL invites interested parties from the open market to submit a tender. The process would follow the traditional route of BOT tendering and evaluation, which would result in the selection of the preferred tenderer.

3.4 AWARD OF A CONCESSION CONTRACT

The preferred tenderer would enter into negotiations with SANRAL to finalise the details of the Concession Contract and secure the private funding for the project.

3.5 FINANCIAL CLOSURE AND CONSTRUCTION

After the award of a Concession Contract, the preferred tenderer would secure the necessary finance for the initial construction works (including the requirements of the Environmental Management Plan) (EMP), complete the preliminary design and finalise the EMP to suit the detailed design. Once financial closure has been reached, an effective date would be agreed, activating the construction activities of the project.

Figure 3.1 below shows the integration between the Unsolicited Proposal process, and the EIA Process.

Proponent: The South African National Road Agency Limited

Scheme Developer: The Peninsula Expressway Consortium

The scheme developer has submitted the proposal for this toll road under the Unsolicited Proposal Process.

The Consortium currently comprises:

Project Sponsors: Murray & Roberts
Power Group of Companies
African Renaissance

Construction Companies: Power Group of Companies
Murray and Roberts

Toll Operating Company: Tolcon

Consulting Engineers: Kayad
ASCH
Goba Moahloli Keeve Steyn
Jeffares and Green

Specialist advisors to the scheme developer include:

Engineering and tolling specialists: Goba Moahloli Keeve Steyn

Financial advisers: PriceWaterhouseCoopers

Legal Advisors: Webber, Wentzel and Bowens

The guiding principles of the proposed ring road, as laid down by the proponent, are to:

- Ensure that the proposed road is designed, constructed, expanded, financed, maintained and operated safely and satisfactorily so as to minimise any adverse impacts on the environment and to maximise benefits to road users;
- Promote innovation in technical and operational matters, and also in financial and commercial arrangements;
- Foster the development of a private sector road operating industry in South Africa, and
- Minimise the risk borne by the public sector.