

Plea for more public private partnerships

PUBLIC Private Partnerships (PPPs) are being seen as an effective vehicle through which to drive infrastructure projects in SA in the foreseeable future, including the provision of some basic services.

Willie Meyburgh, CEO of JSE-listed Steffanuti Stocks, is hopeful that over time the government will make more use of private public partnerships as a means of financing and running projects, including basic services such as water treatment and effluent works.

"We hope the government will lean in this direction to enable PPS to become a means of erecting and running buildings and basic services."

He says that the company is looking specifically at two projects in SA where PPPs are the favoured idea of contracting.

"This concept is now coming through strongly but it is not something that is entirely out of the starting blocks at this stage in SA.

"We hope that the government will allow the PPP concept to develop in this country."

Meyburgh says that many of the projects under way have been in the pipeline for some time, some of them designed to upgrade roads around Gauteng.

"We are hoping that the roads programme will expand into areas other than Gauteng. We see good growth coming from our roads and earthworks division from a relatively low base."

There are also opportunities outside SA and in particular in the roads division, Meyburgh says.

Steffanuti Stocks is active in Swaziland, Zambia and

Mozambique, which are also investing in their own infrastructure. The company has recently set up a unit that specialises in power transmission and distribution in its mechanical, electrical and power business unit through which it sees opportunities in power distribution and transmission.

Meyburgh says new opportunities are opening up in the Middle East for infrastructure work in places such as Abu Dhabi, Qatar, Bahrain and Dubai.

He says that there is some concern in SA about the sources of funding for some of the major projects.

"We have also seen with PPP projects that funding is definitely of concern and that the easier terms of the past are quite stringent to fund nowadays."

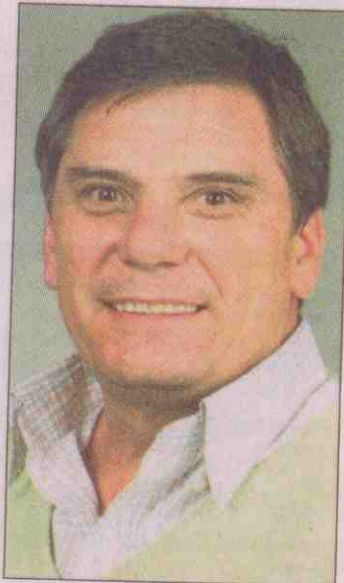
However there are still growth opportunities ahead, Meyburgh says.

"With regard to government spend, something needs to be done about roads, the railways and ports, the water and effluent treatment, hospitals, education and government buildings, for example. Affordable housing is another area requiring attention. This is all government spend."

"If you look at countries where there is growth, notably India and China, it is predominantly on infrastructure."

As these countries look to further growth, hopefully it will ensure that commodity prices rise again, enabling private-sector spending to increase, he says.

"We are optimistic. We believe that towards the middle to latter part of next year matters will start to stabilise and improve."



OPPORTUNITIES: Willie Meyburgh advocates PPP concept.

somewhat.

"We are in the fortunate position in SA in that we have not been affected that badly, but nevertheless we did not escape the global economic crisis completely," says Meyburgh.

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