

BUDGET STATEMENT 3:

VOTE 3: FINANCE AND ECONOMIC AFFAIRS

BLUE IQ

1. Summary of Capital Budget for 2003/4 –2005/6

DESCRIPTION	2003/4 VOTED	2004/05 MTEF	2005/06 MTEF
New capital projects	1,415,640	1,607,637	2,832,310
Other - Machinery and Equipment	2,843	3,963	4,502
Total	1,418,483	1,611,600	2,836,812

2. Description and Number of Capital Projects

Annexure A (Vote 3) listed the major deliverables of the CAPEX programme.

ANNEXURE A

A. Blue IQ projects

a) Review of 2002/03 financial year

Blue IQ's project portfolio is made up of two distinct types of projects; both in terms of time frames and substance. On the one hand Blue IQ is undertaking urban regeneration and tourism product development projects which impact strongly on communities and specific nodes and which are characterized by shorter delivery schedules and more immediate outcomes and deliverables. These projects include: the Alrode Wadeville Industrial Corridor, Kliptown, Newtown, Constitution Hill and the two DACEL projects: Dinokeng and the Cradle of humankind World Heritage site. Bar the DACEL projects, these initiatives have strong components of local government co-operation and strong involvement of local government development agencies and expertise with regard to the delivery vehicle which Blue IQ uses to implement these initiatives.

The two DACEL projects and the Kliptown initiative remain largely in the planning phase and the last year has been spent placing the building blocks of: site plans, public participation, EIA, EMP, planning approvals, RFI's and RFP in place. This is a lengthy and cumbersome process but Blue IQ has proved time and again that good planning is essential for effective rapid delivery. All planning has run according to schedule and it is hoped that next year will see increased delivery of on the ground structures for these three projects.

With respect to Wadeville Alrode, the project is almost complete: GauMac is operating well, the access control, signage and taxi lay-byes are complete and work on K123, Black Reef Road, Garfield Road and Ring Road West are all on schedule. In an attempt to bolster the sustainability of the project and to ensure the optimal usage of the newly invested infrastructure a Business Improvement District entity is being created and will be completed by the end of the year.

Newtown Phase 1 was also completed this year and Phase two is being rolled out. Chief accomplishments include: the completion of Mary Fitzgerald Square, the Bus Factory, the Music centre, the Electric workshop and Turbine Hall phase 1 redevelopments as well as the two residential developments of Carr Gardens and Tribunal gardens. Metro mall is proceeding according to schedule, but both the M1 off ramp and the Nelson Mandela bridge are two months behind schedule due to input delivery problems and inclement weather. We are very proud to announce that of the redeveloped space available for residential and industrial/retail use we have achieved 100% occupancy – showing that the Newtown project has met a real market demand and need.

Constitution Hill is also proceeding according to schedule. All land arrangements have been completed including the relocation of the mortuary which caused several months worth of delays. Construction of the Constitutional Court and the new super basement is on schedule and indications of a 55% tenancy rate, has already been achieved.

Turning to the second category of Blue IQ projects, which includes City deep, JIA IDZ, the Innovation Hub, the Auto Cluster and the Rapid Rail Link, these projects which focus more directly on economic activity are far more complex and multi faceted and have a longer time frame with respect to tangible delivery.

The JIA IDZ project has two components. The first is the general area upgrade and tenders for the upgrading of Atlas road and K90 are on schedule. On the IDZ itself the site has been officially designated and an application for a provisional operator permit will be submitted in March 2003. Institutional relations between BIQ, ACSA and Denel will be finalised by February 2003. Site plans, EIA requirements and other development issues are running on schedule.

In June this year Blue IQ withdrew its IDZ application for City Deep. This was a strategic decision based on collected information from the skills consortium which showed that an IDZ would not solve the fundamental problems underlying City Deep which have been proved to be more operational than infrastructure based. Blue IQ is at present in negotiations with industry players in the transport and logistics sectors and we are aiming to have a new project plan on the table by February 2003. Area upgrades are continuing and the upgrade of Lower Germiston road was completed on schedule, while the Cleveland link road is out on tender.

The innovation hub has come along strongly this year in terms of planning and supportive activity. This project has suffered from the effects of the global slow down, September 11th and bursting of the IT Bubble internationally and hence a more conservative approach has been adopted in the short run resulting in some reworking of the site plan. Outreach and skills development programme have however been rolled out and the technopreneur programme is

running at two pilot sites, the Coachlab is up and running and there are seven small ICT companies at present in the incubator. A prospective anchor tenant has been identified and an in principle agreement to move forward has been reached.

The Auto Cluster has moved from strength to strength this year. With respect to the AIDC its relationships with the industry and National Departments has developed to the level where for example the AIDC runs the motor vehicle and component manufacturers SETA and several DTI supply side incentives geared towards the industry. 3000 students have already been trained through the AIDC programme. The Supplier Park has also taken off faster than anticipated with most of the land now obtained, site plans passed and the first tenant secured. Officially the Park will open in January 2003 but the first tenant will move in by November this year.

Finally the Rapid Rail project is progressing according to schedule. The PPP's approval has been obtained, the technical and economic feasibility studies are complete, EIA and EMP processes are progressing according to schedule, the route is due for finalization in December and two consortia have been short listed. All appears to be on track for the construction start date of January 2004.

Despite several frustrations in the speed of planning processes and meeting of regulatory requirements, by and large this has been an exceptionally good year for Blue IQ and virtually all projects are on track. Internally the organisation has been strengthened and its systems upgraded so that efficiency and effectiveness of the organisation is growing on a monthly basis. As these internal systems start streamlining work so Blue IQ staff will have more scope to strategically add value to the projects it manages via its implementing agents.

b) Outlook of 2003/04 financial year

While the first two years of Blue IQ's life have been dominated by institutional arrangements, contractual negotiations and the planning for the physical construction of infrastructure; the year ahead will be characterized by construction delivery and the commercialization of the opportunities this infrastructure presents.

The purpose of Blue IQ has always been to: grow the economy, to create employment and to change the sectoral make up of provincial GGP. Strategic infrastructure is a crucial pillar for such a new growth trajectory but the real challenge lies in creating new industries, attracting new factories and companies and negotiating local and foreign direct investment to populate this infrastructure. Such investment and attraction has a long lead time, with some industries, taking as long as 24 to 36 months to get from an expression of interest to a firm commitment. As such it is crucial that Blue IQ assist its implementing agents in their commercialization strategies and efforts to attract tenants and investors to their projects.

The year ahead will thus entail the continued management and delivery of physical infrastructure and the supply side of the projects while simultaneously ensuring that substantive work is completed on the demand side of the projects. Marketing and branding efforts will be stepped up, investment and location analyses will be deepened and specific focus will be applied to possible IPP investments in co-operation with DTI. In line with this Blue IQ Means Business Week scheduled for October 2003 and Blue IQ's attendance at several large international conferences and exhibitions during the year will signify the start of this commercialization ramp up.

2003 will also be dominated by Blue IQ crowding in second tier funding for post phase one property development on numerous of its sites. The Blue IQ model is premised on Blue IQ and its partners providing kick start funding for physical infrastructure projects with the idea that private sector funding will be crowded in for future stages of development. A model to address this need will be unveiled in 2003 and it is possible that projects such as the Supplier Park and Newtown may approach the market in the latter part of the year. Certain exit strategies will also come to fruition in 2003.

1.1. Gauteng Automotive cluster

1. Overview

1.1. Background

The purpose of the Gauteng Auto Cluster project is to support and promote the automotive industry, as the leading manufacturing sector, in Gauteng.

The vision is “to contribute to the establishment of a viable South African automotive industry which is competitive locally and internationally, and is capable of achieving both continuous growth and sustainable job creation”.

The mandate is to provide, on a sustainable basis, technical, development and human resource development services to the automotive industry in Gauteng.

1.2. Progress made on master planning, planning & detail planning process

The strategic plans for the AIDC have been compiled as per planning session held during the year. A shift to market orientated structure has resulted in the AIDC re-organising its operational structure. Masterplan for the Supplier Park have been completed. However this is subject to changes in terms of scheduling of construction activities.

Considerable progress has been achieved with the rollout of this project. A number of planning milestones have been achieved, these are:

- Master Plan completed
- Building designs completed for core buildings, mini factories and logistics centre
- Tenders for core buildings, mini factories, logistics center and services have been completed (will be publicized in November)

1.3. Tender process followed by implementing agency

The AIDC has tender committee in place to adjudicate for procurement over a R350 000 limit. Products/Services below limit are procured under the authority of of the Managing Director of the AIDC.

The SPDC has tender committee in place, which met three times during the year. The Managing Director has authority to procure products/services below limit. Gauteng Provincial Government Tender procedures are standard.

1.4. Compensation & land procurement

The SPDC has intentions to secure the land earmarked for the development. Process is near completion at 70% of land being secured. Finalization will be early 2003, when options over the land are redeemed. Thswane City Council working in collaboration with SPDC to secure the land for the development under the councils industrial incentive scheme, which has been effective in drawing in prospective industrialists to the area.

1.5. Progress made on implementation of infrastructure

The rollout plans for Supplier Park have been accelerated, to cater for early tenants. This has resulted in the MTEF budget allocation being moved followed, with an increased allocation for 2002/2003 than originally anticipated. No delays have been experienced thus far.

1.6. Job creation (temporary & permanent)

The AIDC has created 43 positions year to date and is to further expand its staff in line with new strategy. A further 19 positions have been created with the TEI's that are part of the HRD programme.

The Supplier Park has created 7 positions, with an increase once the park becomes operational in the coming year. 373 construction jobs have been created, 289 of the jobs were dedicated to the local community.

1.7. Empowerment

1.7.1. SME

The level of procurement from SME's has been above set minimum targets of 30%. The AIDC has achieved to procure 43% of its need from SME's. The Supplier park has utilized SME sub - contractors to undertake tasks as part of the tender conditions to large contractors.

1.7.2. BEE

BEE participant has been considerable in the Supplier Park project With 67.3% usage being achieved with respect to expenditure. The Rand value being R29 796 000. The AIDC application of affirmative procurement and BEE use has been negligible at 4% of expenditure with a Rand value of R761 491.

1.8. Training

The training programmes are mainly being conducted by the AIDC. These have been on staff development, and student interns. Currently 5 South African students are on a student exchange programme in Germany. The AIDC HRD programme with the TEI's has resulted in the following volume of learners going through the programmes:

INSTITUTION	No. of learners
SoS	2468
TNG	170
TP	729
UP	550
Totals	3917

1.9. Investment opportunities

No suitable investment opportunities have as yet been identified for the AIDC, however opportunities are with the Supplier Park. The opportunities exist at two levels. The first being for an institutional investor to invest in the further development of the supplier park. The investment would be in the region of R800 – R1000 million. The other investment opportunity would be from component manufacturers wishing to benefit from the location of the supplier park.

1.10. Major events

A number of events have taken place during the year. These were:

1. Launch of the Supplier Park
2. Delivery of UNIDO vehicle to client
3. HIV industry workshops
4. initiation SME development programme
5. AutoAfrica activities
6. completion of first tenant building at the supplier park

2. Review 2000/01 & 2001/02

Project/ sub-project description	Region/ Municipalities	Timelines	
		Start	Complete
Establishment of AIDC	Tshwane	2000/04	2000/10
Establishment of SPDC	Tshwane	2002/01	2002/04

3. Review 2002/03 financial year

Project/ sub-project description	Region/ Municipalities	Timelines	
		Start	Complete
AIDC	Tshwane	2000/10	N/A
HRD	Tshwane	2000/10	2005 -
GAC	Tshwane	2000/10	N/A
Supplier Park	Tshwane	2002/04	2005 -

4. Outlook 2003/04 financial year & MTEF period

Project/ sub-project description	Region/ Municipalities	Timelines		Allocations [R'000]		
		Start	Complete	2003/04	Not yet allotted 2004/05	2005/06
AIDC	Tshwane	2000/10	N/A	12 963	16 000	-
HRD	Tshwane	2000/10	2005 -	13 820	7 000	-
GAC	Tshwane	2000/10	N/A	3 460	2 000	-
Supplier Park	Tshwane	2002/04	2005 -	70 000	50 000	
				110,243	75,000	

* Note – budget for 2004/05 is not allocation approved by Blue IQ, still subject to full motivation from project team.

1.2. Constitution Hill

Overview

a) Background

Constitution Hill was chosen as the home for the Constitutional Court of the Republic of South Africa. The site also hosts important heritage building such as the Old Fort, Section 4 and 5 (The Native Gaol) and the Women' Gaol. The entire campus bounded by Sam Hancock Street in the north, Kotze Street in the south, Hospital Street in the east (but including the Old Governor's House), and the Joubert Street Extension in the west will be developed into a national and international heritage and tourism destination using the Court and the Heritage buildings as the focus points. The project also include Retail and Commercial on the western side, residential apartments, street upgrade, refurbishment of the heritage buildings and installation of CCTV Cameras.

b) Progress made on master planning, planning & detail planning process

The master plan/development framework for the entire project is complete and detail planning for some of the sub projects has been completed and is in progress for the rest of the other sub projects.

c) Tender progress followed by the implementation agency

Tenders are advertised on the relevant newspapers, adjudicated by a panel agreed upon by all stakeholders and a recommendation is made to the JDA tender committee and the JDA Board taking into account empowerment, capacity to deliver, experience and government procurement policies.

d) Progress made on implementation of infrastructure

The following projects have been completed;
Vacation and demolitions on the western side of the campus
Kotze street upgrade
Feasibility study for the Heritage, Education and Tourism

The following projects are in progress:

The construction of the Constitution Court
The relocation of the mortuary
The accommodation for the Commission of Gender Equality (CGE)
Bulk and lateral support for super basement
Public open spaces
Implementation of the business plan for Heritage, Education and Tourism
On going marketing of land parcels for commercial activities

e) Job creation (temporary & permanent)

Refer to the table below regarding job creation.

Description of Output	Unit of Measure	Output Targets		
		02/03	03/04	04/05
Investment attracted	Rands (million)	23	208	133
Jobs created during construction (Direct and Indirect)	Number	1,364	1,400	600
Jobs created during operations (Direct and Indirect) (Direct and Indirect)	Number	20	35	100

**f) Empowerment
SME**

The project is still in progress and is currently achieving more 60% in terms of utilising SMEs

BEE

The project is still in progress and is currently achieving more than 50% in terms of utilising Previously Disadvantaged Individuals/Contractors/Consultants.

g) Training

Previously Disadvantaged Individuals are being trained and employed in various skills during the implementation of various sub projects. Before the World Summit on Sustainable Development, people were trained as tour guides and were subsequently employed as such during the Summit.

h) Investment opportunities

There are numerous investment opportunities around retail, residential, commercial, hospitality and leisure. Investment promotion is ongoing and currently 50% of potential tenants have expressed interest.

i) Major Events

The site was a host to a number of high profile functions such as Constitution Justices from all over the world and Commission on Gender Equality during the WSSD. The opening of the Constitutional Court in late December 2003 or January 2004 will see various distinguished guests that will grace the occasion and amongst them will be the State President, Chief Justice of the Constitution Court, Premier, Ministers and MECs and Justices from other parts of the world.

Review 2000/01 & 2001/02

Projects already Completed			
Description of Project or Category	Location	Start Date	Completion Date
Vacation of properties on the western side	Constitution Hill	June 2002	Setember 2002
Upgrade of Kotze Street	Constitution Hill	May 2002	August 2002
Demolitions of existing structures	Constitution Hill	Sept 2000	November2000

Review 2002/03 financial year

Commitments for 2002/03 Financial Year			
Description of Project or Category	Location	Start Date	Completion Date
NEW CONSTITUTIONAL COURT	Constitution Hill	October-01	August-03
MORTUARY RELOCATION	Constitution Hill	October-01	July-03
INFRASTRUCTURE	Constitution Hill	October-01	July-04
WOMENS GAOL REDEVELOPMENT	Constitution Hill	June-02	July-03
REPAIRS & RENOVATION	Constitution Hill	November-02	July-03

Outlook 2003/04 financial year & MTEF period

Initiatives	Project/ sub-project description	Region/ Municipalities	Timelines		Allocations [R'000]		
			Start	Complete	2003/04	2004/05	2005/06
Constitution Hill	MORTUARY LOCATION	City of Johannesburg Metropolitan council (Braamfontein)	Oct-01	July-03	2,348		
	INFRASTRUCTURE		Oct-01	July-04	100,112	90,575	
	WOMENS GAOL REDEVELOPMENT		Jun-02	July-03	16,083		
	REPAIRS & RENOVATION		Nov-02	July-03			
	TOURISM & HERITAGE		Jan-02	July-05			
	CITY IMPROVEMENT DISTRICT (CCTV)		Jan-02	July-03	3,540		
	QUEEN VICTORIA HOSPITAL & RESIDENTIAL BLDGS		Aug-03	Dec-04			
	LANDPARCEL A (Shared facilities)		Jan-03	Feb 04	20,000	34,431	
	LANDPARCEL B (Hospital, retail and offices)		Mar-03	August-04			
	LANDPARCEL C (Offices)		May-03	Dec-04			
	LANDPARCEL D (Offices)		Augt-03	Dec-04			
	LANDPARCEL E (Offices and possible residential) Commercialisation		Aug-03 On going	Dec-04 On going			

1.3. Newtown

Overview

a) Background

This historic area of Johannesburg already has a strong cultural base in the form of a number of memorable buildings, including museums, galleries and theatres, and is well placed to become the cultural heart of Johannesburg.

Due to limited private sector participation and various shortcomings such as poor access etc., the area experienced decline over recent years. The projects aim to regenerate the area by investing in various projects to address the shortcomings. The project also include provision of access to the area, retail and commercial, residential apartments, street upgrade, refurbishment of the buildings and implementation of City Improvement District.

b) Progress made on master planning, planning & detail planning process

The master plan/development framework for the entire project is complete and detail planning for some of the sub projects has been completed and is in progress for the rest of the other sub projects.

c) Tender progress followed by the implementation agency

Tenders are advertised on the relevant newspapers, adjudicated by a panel agreed upon by all stakeholders and a recommendation is made to the JDA tender committee and the JDA Board taking into account empowerment, capacity to deliver, experience and government procurement policies.

d) Progress made on implementation of infrastructure

The following projects have been completed;

- Metro Mall
- M1/Carr Street Interchange
- Carr Street Two Housing Project
- Bus Factory

The following projects will be in progress:

- Nelson Mandela Bridge
- Mary Fitzgerald Square (Phase 2)
- Public open spaces
- Internal roads
- Infrastructure Investment Programme
- Brickfields Housing Project
- Metro Mall Housing Project
- Newtown Institute
- Redevelopment of the Turbine Hall
- Commercialisation
- CID Programme

e) Job creation (temporary & permanent)

Refer to the table below regarding job creation.

Description of Output	Unit of Measure	Output Targets		
		02/03	03/04	04/05
Investment attracted	Rands (million)	49	188	188
Jobs created during construction (Direct and Indirect)	Number	1,280	460	240
Jobs created operations (Direct and Indirect)	Number	-	39	118

f) Empowerment SME

The project is still in progress and is currently achieving more 70% in terms of utilising SMEs

BEE

The project is still in progress and is currently achieving more than 60% in terms of utilising Previously Disadvantaged Individuals/Contractors/Consultants.

g) Training

Previously Disadvantaged Individuals are being trained and employed in various skills during the implementation of various sub projects. Before the World Summit on Sustainable Development, people were trained as tour guides and were subsequently employed as such during the Summit.

h) Investment opportunities

There are numerous investment opportunities around retail, residential, commercial, hospitality and leisure. Investment promotion is ongoing and currently 80% of potential tenants have expressed interest.

i) Major Events

The site was a host to a number of high profile functions during the WSSD. The launch of the Nelson Mandela Bridge in July 2003 will be a spectacular event.

Review 2000/01 & 2001/02

Projects already Completed					
Description of Project or Category	Location	Start Date	Completion Date	Jobs	
				Perm	Temp
Mary Fitzgerald Sq phase 1	Newtown	Aug 01	Dec 01	26	57
Renovations of Buildings phase 1	Newtown	May 01	Dec 01		459

Commitments for 2002/03 Financial Year			
Description of Project or Category	Location	Start Date	Completion Date
Carr Street On/Off Ramp	Newtown	July 01	Dec 02
Nelson Mandela Bridge	Newtown	Sept 01	May 03
Mary Fitzgerald Sq Tower	Newtown	Feb 02	Dec 03
Internal Roads	Newtown	Nov 01	June 03
Science and Technology Centre	Newtown	June 02	June 03
Public Open Space and Links	Newtown	Jan 02	June 03
Metro Mall	Newtown	Aug 00	July 02
Landmark Lighting Turbine Hall	Newtown	Feb 02	July 03

Project/ sub-project description	Region/ Municipalities	Timelines		Allocations [R'000]		
		Start	Complete	2003/04	2004/05	2005/06
Mary Fitzgerald Sq Tower	Newtown	Feb 02	Dec 03	6,535		
Internal Roads	Newtown	Nov 01	June 03	0		
Science and Technology Centre	Newtown	June 02	June 03	0		
Public Open Space and Links	Newtown	Jan 02	June 03	0		
Landmark Lighting Turbine Hall	Newtown	Feb 02	July 03	14,168		

1.4. Wadeville Alrode Industrial Corridor

Overview

a) Background

The purpose of the initiative is to regenerate the corridor by retaining the existing manufacturing capacity and attracting new investment into the corridor. This will be done by encouraging industries to move up the value chain to ensure that they move to high value added manufacturing, by improving access and mobility in the corridor through the improvement of infrastructure, by addressing crime and grime to ensure safety through the establishment of Business Improvement District (BID), support the development of SMEs through the establishment of Gauteng Manufacturing Advisory Centre (GAUMAC) and by putting in place an investment strategy for the corridor.

b) Progress made on master planning, planning & detail planning process

The master plan/development framework for the entire project is complete and detail planning for most of the sub projects has been completed and is in progress for last sub project.

c) Tender progress followed by the implementation agency

Tenders are advertised on the relevant newspapers, adjudicated by consultants and council officials on a criteria agreed upon by all stakeholders taking into account empowerment, capacity to deliver, experience and government procurement policies, in addition to the council procurement policy and a recommendation is made to the relevant portfolio committee, Metro tender committee, Mayoral Committee and full council.

d) Compensation and land procurement

This process only affects the phase 2 of Garfield Road which is the only project yet to start. Expropriation of land will be completed by the end of this financial year.

e) Progress made on implementation of infrastructure

The following have been achieved:

- Shelters for informal traders have been complete
- Taxi Rank in Wadeville has been completed
- Extension of Grey Avenue into Wadeville is still under construction
- K123 in Wadeville is still under construction and will be completed this financial year
- Start construction of the N3/Rand Airport Road On Ramp
- Start construction of Ring Road West
- Finalise design for Garfield Phase 2
- Feasibility and business plan drawn for the BID
- Initial work and concept in place for the Investment Strategy

f) Job creation (temporary & permanent)

Refer to the table below regarding job creation.

Description of Output	Unit of Measure	Output Targets		
		02/03	03/04	04/05
Investment attracted	Rands (million)	-	-	-
Permanent jobs sustained	Number	220	50	-
New permanent jobs created	Number	20	10	10

g) Empowerment

SME

The project is still in progress and is currently achieving more 75% in terms of utilising SMEs

BEE

The project is still in progress and is currently achieving more than 35% in terms of utilising Previously Disadvantaged Individuals/Contractors/Consultants.

h) Training

Previously Disadvantaged Individuals are being trained and employed in various skills during the implementation of various sub projects

i) Investment opportunities

Investment opportunities exist in the plastics and chemicals, metal fabrication, transportation and logistics, packaging, etc. Currently, GEDA and Ekurhuleni Metropolitan Municipality are facilitating potential investment of about R400 million.

j) Major Events

A major event will be organised around the launch of the first Business Improvement District.

5. Review 2000/01 & 2001/02

Outlook 2003/04 financial year & MTEF period

Projects already Completed			
Description of Project or Category	Location	Start Date	Completion Date
Taxi Laybays	Wadeville	May 01	June 01
Improvement of Signage in Wadeville & Alrode	Wadeville & Alrode	May 01	August 01
Access Control in Alrode	Alrode	June 01	Nov 01
Garfield Road - Phase 1	Alrode	Nov 99	Nov 00

Review 2002/03 financial year

Commitments for 2002/03 Financial Year			
Description of Project or Category	Location	Start Date	Completion Date
Shelters for Informal Traders	Wadeville	November 2002	March 2003
Taxi Rank in Rendell/Osborne Intersection	Wadeville	March 2002	July 2002
Ring Road West Extension	Alrode	January 2003	March 2004
Extension of Grey avenue	Wadeville	November 2001	February 2003
Widening of Black Reef Road	Wadeville	October 2001	June 2002
Upgrade of K123	Wadeville	August 2000	January 2003
N3/Rand Airport Interchange	Germiston	January 2003	March 2004
Garfield Road - Phase 2	Alrode	July 2002	August 2003
BID roll out	Wadeville/Alrode	January 2002	June 2003

Project/ sub-project description	Region/ Municipalities	Timelines		Allocations [R'000]		
		Start	Complete	2003/04	2004/05	2005/06
BID roll out	Wadeville/Alrode	January 2002	June 2003	,500	0	
Garfield Road - Phase 2	Alrode	July 2002	August 2003	8,000		
Ring Road West Extension	Alrode	January 2003	March 2004	26,000		
N3/Rand Airport Interchange	Germiston	January 2003	March 2004	16,000		

1.5. The Innovation Hub

a) Background

The Innovation Hub is to be established on a 60 ha part of the University of Pretoria's Experimental Farm positioned strategically between the University and the CSIR and adjacent to the N1/N4 highway interchange.

Phase 1 of the development forms the investment by Blue IQ and will consist of access roads, a highway bridge, bulk infrastructure and two core buildings of 13 000 m² of occupiable space.

Progress made on Master Planning, Planning and Detail Planning Process

Arup/Stairway were appointed in May 2001 to act as Infrastructure Development Consultants. A project Master Programme was developed in terms of which a Master Plan has been completed and approved in principle by the Board in April 2002. Based on discussions with Tshwane Metro and taking into consideration the re-defined phasing and bulk service agreements, the planning is currently being finalized for submission to the DFA Hearing on 6 December 2002. A full cost model for the proposed complete site infrastructure development of 121 000 m² has been completed.

Tender Process

The Board has approved a tender policy where the Phase 1 development has been structured into Work Packages, each with specific evaluation criteria, in such a way as to allow for participation of smaller and empowerment participation. The process calls for a design phase, and the selection of design companies/consortia has been based on a two-phase approach. The Request for Information (RFI) process commenced in July 2002 and has been evaluated in terms of the criteria. Short-listed candidates will then respond to the Request for Proposal such that appointments can be made. This is scheduled for January 2003.

Compensation and Land Procurement

After extensive shareholders discussion, it has been agreed that the 60 ha site will be transferred from the University of Pretoria to The Innovation Hub Management Company (Pty) Ltd by Deed of Donation. The University of Pretoria has approved this transaction and the legal documentation is in preparation.

Progress made on implementation of infrastructure

The Hub is currently starting operations in a temporary site on the CSIR campus with an established management office, pilot Incubator and pilot CoachLab. Requests are being considered from future multi-tenant companies who wish to be located in close proximity at this stage.

The construction is expected to commence in April 2003.

Job Creation

The job creation to date relates to establishment of the Management Company, tenants of the pilot activities and planning teams (mostly consultants), currently:

• The Innovation Hub Management Company	11 (full-time)
• Incubator tenant companies	22
• Pre-incubator companies	7
• CoachLab students	<u>9</u>
	49

In addition, there are consultants contributing on a permanent job level (sustaining) of about 6-10 at any one time.

Current estimates indicate that for Phase 1 construction jobs of about 2500 person years will be created over the next 3 financial years. Once completed occupancy of the site of 700 permanent staff in tenant companies is foreseen for this phase.

Empowerment

Empowerment has been a project priority since commencement and the infrastructure procurement has specific targets for each work package. In addition, SME And BEE/PDI service providers are sought for outsourced activities.

In terms of the policy framework and the designated work packages, the BEE contracting should total 41% of the infrastructure expenditure.

2002: As a status report on implementation, the following are the percentages of total procurement for the period November 2001 to September

• SMME's (Non-PDI & BEE)	8,8%
• SMME's (PDI – women)	23,7%
• SMME's (PDI – BEE)	<u>12,0%</u>
Total SMME	44,5%

Training

Internal Staff

The Management Company as part of its balanced scorecard approach to Performance Management supports specific training and education initiatives. Current the following are in progress:

- One candidate for MBL (Unisa)
- One candidate for PhD (University of Pretoria)
- One candidate for BA (Admin), UPE – graduating on 23 November 2002.

External

Pre-incubation staff : 10 people - business mentorship

Investment Opportunities

Table of Investment Opportunities	
Description of investment opportunities	Targeted Sectors and Investors
1.1 Pre-Incubation <ul style="list-style-type: none"> High quality space and facilities aimed at creating a high-tech entrepreneur and embryo-company learning and networking business community Includes mentoring high-tech start-ups from business idea to economically viable business with a funding plan that includes market testing, with a bias to previously disadvantaged communities The environment facilitates access to like-minded entrepreneurs, collaboration, alliancing and partnering, markets, economic support and business risk management 	<ul style="list-style-type: none"> Entrepreneurs in knowledge intensive sectors as defined, who want to start businesses, especially those from previously, disadvantaged communities Early seed funders looking for deals Bi-lateral (grant, donor) and multi-lateral development funding agencies looking to finance and/or provide technical assistance for Black Economic Empowerment Companies looking for empowerment partners Private sector sponsors and corporate social investment
1.2 Incubation <ul style="list-style-type: none"> High quality space and facilities aimed at creating a high-tech entrepreneurial and learning environment for SMMEs Includes mentoring high-tech start-ups from start-up phase through to survival stage and ultimately growth stage Successful SMMEs in this programme present opportunities for growing large companies and multi-nationals to develop their strategic capability through intellectual property (IP) access and/or market access, including acquisitions, alliancing and partnering It further provides an opportunity for investors looking for growing small companies 	<ul style="list-style-type: none"> SMMEs in knowledge intensive sectors, who have an economically viable business plan, funding and demonstrable markets, and who are looking for space and facilities Growing large companies looking for new IP, acquisition, alliancing and partnering opportunities Investors and financiers looking for investment and financing deals in growing companies Seed and venture capital funders Companies who provide funding and are looking for empowerment partners Private sector sponsors and corporate social investment
1.3 Multi-tenant Buildings <ul style="list-style-type: none"> High quality multi-tenant rentable space and facilities for SMMEs and large companies State-of-the-art technology and innovation driven environment Opportunities for easy access to high-tech human resources, networking with like minded companies, collaboration, alliancing and partnering, markets, knowledge, economic support and business risk management 	<ul style="list-style-type: none"> Established and growing SMMEs in knowledge intensive sectors looking for rentable space and facilities in a high- tech and innovation-supporting environment Large national and off-shore companies looking for high-tech rentable space and facilities in a high- tech and innovation-supporting environment, including acquisition, alliancing and partnering opportunities Investors and financiers looking for investment opportunities and financing deals
1.4 Serviced Business Sites <ul style="list-style-type: none"> 29 hectares of serviced prime land 	<ul style="list-style-type: none"> Offshore and local multi-nationals Large South African companies

Table of Investment Opportunities	
Description of investment opportunities	Targeted Sectors and Investors
<p>positioned between South Africa's foremost research organisation and university available to multi-nationals in knowledge intensive sectors</p> <ul style="list-style-type: none"> • Easy access to human resources, knowledge, compatible location and other opportunities to increase strategic capability and sustainable competitiveness including access to Africa and the developing world markets • Opportunity for multi-nationals to build their own research and development facilities or lease custom-built facilities 	<ul style="list-style-type: none"> • Property developers and investors looking for property opportunities • Facilities management companies looking for contracts
<p>1.5 The Innovation Centre (a business centre) The Innovation Centre will provide value-added services to all high-tech businesses on The Innovation Hub precinct, as well as accommodation for the following high-tech projects:</p> <p>1.5.1 The CoachLab (industry-academic interface programme)</p> <ul style="list-style-type: none"> • The CoachLab programme promotes both entrepreneurship and intrapreneurship is a 3-way partnership between The Innovation Hub, a high-tech company and a tertiary education institution • The Innovation Hub provides smart space and facilities and an entrepreneurial environment, the tertiary education institution provides post-graduate students to undertake development work for nominal remuneration by the company • Companies can preview potential employees having some work experience • The CoachLab programme is applicable to the targeted sectors, including the ICT, Biotechnology and Advanced Materials sectors 	<ul style="list-style-type: none"> • Sponsors and corporate social investment • Companies in the targeted sectors seeking highly skilled human resources • Companies with IPP obligations • DTI internship programme • THRIP • Black economic empowerment opportunities for private sector, bi-lateral and multi-lateral funding
<p>1.5.2 Teleport (advanced Telecommunications infrastructure)</p> <ul style="list-style-type: none"> • The Teleport will create an advanced information and telecommunications infrastructure for the cost-effective supply of high bandwidth and connectivity on demand to high bandwidth users and other users 	<ul style="list-style-type: none"> • Telecoms companies looking for opportunities to access markets • High bandwidth users seeking cost-effective access to high bandwidth and connectivity • Local authorities seeking opportunities to optimise the use of their fibre-optic backbone • Other high-tech companies requiring cost-effective bandwidth and connectivity on demand • Companies who supply system integration, software and hardware • Companies with IPP, ISPs, ASP and VANS • Back office data centres • Call centre operators • Data recovery centres

Table of Investment Opportunities	
Description of investment opportunities	Targeted Sectors and Investors
1.5.3 The Switch (technology showcase) <ul style="list-style-type: none"> A new technology showcase for South Africa's innovative technologies extending the boundaries of industry Access to world-class intellectual property developed in South Africa within the ICT, Biotechnology, Advanced Manufacturing and Material, and Defense, Maritime and Aerospace sectors Opportunities for acquisitions, alliancing, partnering and networking 	<ul style="list-style-type: none"> South African Intellectual Property holders South African and offshore companies seeking new intellectual property in South Africa Companies wishing to access African and developing world markets through acquisitions, alliancing and partnering Companies looking for technology demonstration sites (beta release sites) Private sector sponsors and corporate social investment funders
1.5.4 Virtual Business Support Services <ul style="list-style-type: none"> Provision of virtual business support services to small, medium and micro enterprises Cost-effective and efficient access to finance, markets, management consulting, knowledge, human resources, registration of patents, business risk management, etc 	<ul style="list-style-type: none"> Companies specialising in the design of competitive virtual business support services Companies seeking to invest in e-learning projects Private sector sponsors and corporate social investment funders
1.5.5 Physical business support services <ul style="list-style-type: none"> Provision of physical business supports services to tenants at The Innovation Hub precinct 	<ul style="list-style-type: none"> Specialist service providers of human resources, finance, economic support, legal services, business risk management
1.5.6 Retailers and Recreational Services <ul style="list-style-type: none"> Provision of retail and recreational services to a captive market on The Innovation Hub precinct 	<ul style="list-style-type: none"> Investors and companies providing convenience and retail services to business and other consumers (eg banking, food and beverages, postal, web-design, advertising, health, etc)

Major Events

Following the land transfer, a 2nd Milestone Event is planned to launch the site and display physical models. This will represent a commencement of the focused marketing campaign.

c. REVIEW 2000/01 & 2001/02 FINANCIAL YEAR

Project/ sub-project description	Region/ Municipalities	Timelines	
		Start	Complete
Establish Pilot site, Building 46 CSIR	Tshwane Metro	Oct 2000	Jan 2001
Environmental Impact Assessment	Tshwane Metro	Nov 2000	April 2002

d. REVIEW 2002/03 FINANCIAL YEAR

Project/ sub-project description	Region/ Municipalities	Timelines	
		Start	Complete
Expansion of Pilot site	Tshwane Metro	Mar 2002	Jun 2002

e. OUTLOOK 2003/04 FINANCIAL YEAR & MTEF PERIOD

Initiative	Project/ sub-project description	Region/ Municipalities	Timelines		Allocations (R'000)		
			Start	Complete	2003/2004	2003/04	2004/05
Innovation Hub	0.Bulk Municipal Contributions	Tshwane Metro	3 Feb 2003	3 Feb 2003	R1.8m	-	-
	01. Management and Specialist Consultants	Tshwane Metro	1 Oct 2003	30 Nov 2004	R3.0m	R3.0m	-
	1. Site Infrastructure	Tshwane Metro	3 Feb 2003	15 Aug 2003	R7,2m	R2.4m	-
	1.1 Temporary Access Roads and Permanent Perimeter Fencing including small works (Contract No Hub001)	Tshwane Metro	3 Feb 2003	15 Aug 2003			
	1.2 Bulk Electricity & internal reticulation (Contract No Hub003)	Tshwane Metro	3 Feb 2003	13 Aug 2004	R2.8m	R8.7m	-
	1.3 Innovation Hub Link Road West and East (including South Street extension) (Contract No Hub009)	Tshwane Metro	3 Feb 2003	3 Aug 2004	R10.7m	R5.7m	-
	1.4 Internal Roads and Services (Contract No Hub010)	Tshwane Metro	3 Feb 2003	3 Aug 2004	R7.3m	R10.0m	-
	1.5 Precinct Landscaping (Contract No Hub012)	Tshwane Metro	3 Feb 2003	3 Sep 2004	R0.3m	R4.7m	-
	2. Bridge over existing N1 Highway (Contract No Hub002)	Tshwane Metro	3 Feb 2003	2 Mar 2004	R11.0m	R7.0m	-
	3. Innovation Centre and Multi-tenant Buildings	Tshwane Metro					
	3.1 Design and Construction of the Innovation Centre Super Basement (Contract No Hub006)	Tshwane Metro	28 Feb 2003	31 Aug 2004	R17.65m	R29.2m	-
	3.2 Design and Construction of Multi-tenant Building (Contract No Hub 007)	Tshwane Metro	28 Feb 2003	31 Aug 2004	R9.0m	R30.2m	R7.0m
	3.3 Innovation Centre and Multi-tenant Building Earthworks for basements (Contract No Hub004)	Tshwane Metro	3 Feb 2003	21 Aug 2003	R5.3m	-	-
	3.4 Building Fitout (Contract No Hub008)	Tshwane Metro	28 Feb 2003	31 Aug 2004	R3.96m	R3.0m	R3.0m
	4. Information and Communications Technology (Contract No Hub011)	Tshwane Metro	3 Feb 2003	3 Sep 2004	R3.0m	R9.2m	R2.0m
					R83.01m	R113.1m	R12.0m

NOTE: PLEASE NOTE THAT THERE MIGHT BE A VAT AMOUNT RELATING TO THE TRANSFER OF LAND WHICH IS NOT INCLUDED WITH THIS BUDGET.

1.6. City Deep Transport Logistics hub

Overview

The capital works programme in the City Deep area is aimed at improving access to the area and at reducing traffic congestion in and around the area. The roads programme was developed by SJN civil engineers.

Progress made on master planning, planning and detailed planning process

The following progress has been made with regard to the above-mentioned projects:

Name

- 1 Construction of Rosherville Road Extension and Rail over Bridge
- 2 Improvements to Lower Germiston Road
- 3 Cleveland Link Road

Status

- Completed
Completed
Contract Award

Tender process followed by implementing agency

Johannesburg Roads Agency (JRA) is the implementing agency for the City Deep roads programme. All design and construction tenders were issued on an open tender basis and awarded through the use of a scoring system that is consistent with the preferential procurement policy framework. Bidders are awarded points based on inter alia: ABE (affirmable business enterprise) participation and local labour content.

The following tenders were awarded by the JRA:

Project	Awarded to	Total Amount	ABE and local participation
Rosherville road extension and rail over road bridge	Eigenbau	R3 300 000 - 00	16%
Improvement to lower	King Civil Engineering	R1 800 000 - 00	33%
Cleveland Link Road	South Sound Civils	R31 135 000 - 00	20%

Compensation and land procurement

The following arrangements were made with the various land owners:

a) Rosherville Road Extension and Rail Over Road Bridge

Land was not acquired for this project. A land agreement was reached between the Johannesburg Metro and the landowners with no cost implications to Blue IQ.

b) Improvements to Lower Germiston Road

Land was donated by the property owners at no cost to Blue IQ

c) Cleveland Link Road

There are 3 landowners affected by the Cleveland link road. The land is being sold at a discount to the market rate. The total cost to Blue IQ for the 9.16Ha of land is R1 053 000 – 00.

Job creation (temporary and permanent)

The following jobs were created or are anticipated as a result of the project:

Project	New Temporary Jobs	New Permanent Jobs	Permanent Sustained Jobs
Rosherville road extension and rail over road bridge	15	1	13
Improvements to Lower Germiston Road	0	0	37
Cleveland Link Road	52	17	380

Training

a) Rosherville Road Extension and Rail Over Road Bridge

The Contract (including Targeted Procurement documentation) does not make provision for preferences for the formal training of labour. The Contractor however engaged in on-site training of various delegates regarding a variety of construction activities, from July 2001 to December 2001 as part of the contract.

b) Improvements to Lower Germiston Road

The Contract (including Targeted Procurement documentation) does not make provision for the formal training of labour. However two staff members received training at a formal training institution regarding "Contract Law" and "Quality Control" from September 2001 to November 2001. In addition, informal training on-site, regarding a variety of construction activities, was conducted from July 2001 to December 2001

c) Cleveland Link Road

The tender documentation makes provision for formal training, and stipulates minimum criteria which must be achieved in order for the Main Contractor to avoid penalties i.e. delegate success rate, etc. A Provisional Sum of R 270 000.00 (excl. VAT) has been allocated for training. It is anticipated that between 116 and 208 "Trade" trainees can be accommodated in the JRA (Pty) Ltd Training Programme, dependant upon the duration of the respective course(s). In addition, it is anticipated that approximately 7 trainees/session x 4 sessions per day for a period of 10 days can be accommodated in the Management Training Programme.

Investment opportunities

The proposed and constructed roads have precipitated numerous large-scale, logistics related investment within City Deep. For example development agreement(s) relating two land parcels adjacent to the proposed Cleveland Link Road that are 37ha and 3ha in extent, have already been signed.

Major events

The landowners have made land available for the road reserve and bulkfill material at less than market rate.

Review 2000/2001 and 2001/2002 financial years

Projects completed

Project/sub-Project Description	Region/ Municipalities	Timelines	
		Start	Complete
Rosherville Road Extension and Rail Over Road Bridge	City of Johannesburg	03-May-01	06-Feb-02
Improvements to Lower Germiston Road	City of Johannesburg	01-Jun-01	13-Dec-01

Review 2002/2003 financial year

Projects to be commenced

Project/sub-Project Description	Region/ Municipalities	Timelines	
		Start	Complete
Cleveland Link Road	City of Johannesburg	15-Jan-03	15-Jul-04

Outlook 2003/2004 financial year and MTEF period

Projects to be commenced

Project/ sub-Project	Region	Timelines			Allocations		
		Start	Complete		2003/2004	2004/2005	2005/2006
Cleveland Link Road	City of Jhb.	15-Jan-03	15-Jul-04	8 634	29 845	10 352	0.00

1.7. Gautrain Rapid Rail Link

Overview

Approximately 80 km of modern state-of-the-art railway lines and ten stations will be constructed through a PPP arrangement, which may be extended in the future. General passenger train services, including commuter services, will be operated on both the Johannesburg-Tshwane spine and on the link between Sandton and Rhodesfield in Kempton Park. A dedicated, purpose-designed train service suited for the specific needs of domestic and international air passengers will be operated between Sandton and Johannesburg International Airport (JIA).

The trains should be able to travel at speeds of more than 160 km/h, to meet an estimated travel time between Johannesburg and Tshwane of not more than 38 minutes and not more than 15 minutes between Sandton and JIA. Trains will operate more than 15 hours a day, with reliability, punctuality and predictability being key features of the service.

Passenger safety and security will also be one of the key features of the system. Convenient door-to-door services by means of dedicated feeder and distribution services will be provided as part of the service. For passengers that will travel with vehicles to the stations, safe parking and appropriate facilities to stop and drop off train passengers will be provided.

The Department of Public Transport, Roads and Works assisted by a project team is responsible for the planning, procurement and management of the project. The project team consists of technical consultants (Khuthele Projects, Arcus Gibb, Lebone Engineering and sub-consultants APS Plan Africa (Town and Regional Planners) and Equinox (Communication Consultant)), independent environmental consultant (Bohlweki), legal consultants (Masons and Ledwaba Mazwai), financial consultants (Kagiso Financial Services and Rothschilds) and an insurance consultant (Willis).

Review of 2002/03 financial year

The following major activities were undertaken in the 2002/03 financial year:

- (a) The Environmental Impact Assessment (EIA) commenced on 13 January 2002. Various focus group and public meetings were convened as part of the consultation process and a number of alternative route alignments were identified that were published in the media in June 2002. Detailed investigations on each of the alternatives were conducted and the recommended route was discussed with the respective focus groups and at public meetings. The EIA report and the draft Environmental Management Plan (EMP) were submitted to the Gauteng Department of Agriculture, Conservation, Environment and Land Affairs (DACEL) on 21 October 2002. The public has the opportunity to comment on the EIA report until 21 November 2002. This date may be extended as many such requests have been received. It is expected that DACEL would grant a Record of Decision (ROD) at the end of February 2003 that the construction of the railway line, stations and maintenance yard could be undertaken on the final recommended route. A 90-day period is allowed for the appeal process, which includes an initial 30-day period for the public to lodge a formal appeal. There are two areas where some residents are unhappy with the alignment and they may take legal action that may cause a delay in the EIA process.
- (b) Third Party Agreements are being developed with the three affected Metropolitan Municipalities, ACSA and the SARCC. Several meetings have been held with these institutions and the intention is to get initial agreements approved that will be made available to the Bidders.
- (c) The procurement process consists of three stages, namely an initial Request for Pre-qualification (RFQ) stage, a Request for Proposals (RFP) stage and a final negotiation stage with the Preferred Bidder to conclude an agreement.
- (d) In response to the Request for Pre-qualification (RFQ), the Bombela Consortium and the Gauliwe Consortium have been selected and were announced as Pre-qualified Bidders on 2 May 2002.
- (e) A two-phased approach was followed with the Request for Proposals (RFP). The RFP Phase I documentation were made available to the two Bidders on 20 May 2002. They were able to study the documents and were requested to submit mandatory comments on 15 July 2002 on substantive elements thereof. Further responses were submitted on 2 and 20 September 2002 respectively.
- (f) After due consideration of the Bidders responses, the aspects have been firmed up and included in the Phase II RFP documentation. The Political Committee approved the documentation on 31 October 2002. It is expected that the PPP-Unit

will authorise the issuing of the documentation on 22 November 2002. The Phase II RFP documentation will be made available to the two Bidders on 27 November 2002. Bidders should submit their proposals by 27 May 2003, unless a further few weeks are provided as has been requested by the Bidders.

Review of 2003/04 financial year

The following major activities will be undertaken in the 2003/04 financial year:

- (a) After receiving the proposals of the Bidders by the end of May 2003, the proposals will be considered and evaluated, and by August 2003 a Preferred Bidder and will be selected. The remaining Bidder will be considered as the Reserve Bidder.
- (b) The Province will then enter into detailed negotiations with the Preferred Bidder. Should the Province and the Preferred Bidder fail to conclude a Concession Agreement, the Province would terminate its negotiations with the Preferred Bidder, and enter into exclusive negotiation with the Reserve Bidder to conclude a Concession Agreement. It is expected that financial closure could be reached by February 2004, after which construction will commence.
- (c) The new Gauteng Transport Infrastructure Act, Act 8 of 2001, has certain requirements with regards to commissions, which must be set up for all new road and rail routes. This can be done immediately after the appeal period for the ROD of the EIA has elapsed and proposals from the Bidders have been received at the end of May 2003 and can last up to the announcement of the Preferred Bidder by August 2003. Only thereafter can the proclamation of the route and the stations follow and can expropriation commence, which must be largely complete before the construction can start in February 2004. Provision is made for the acquisition of the land and for two months of provincial capital contribution during the 2003/04 financial year.

Summary of expenditure

The Medium-term Expenditure Framework (MTEF) for the Gautrain Rapid Rail Link for the 2003/04 to 2005/06 financial years is provided in **Table 1** and the GFS classification of expenditure is provided in **Table 2**.

**Table 1: Gautrain Rapid Rail Link (Budget demands as received by Gautrans):
Current Medium-term Expenditure Framework for 2003/04 to 2005/06**

	ACTUAL EXPENDITURE		AMOUNT (R million) (VAT Incl.) ¹			
	2003/04	2004/05	2002/03 Estimate	MTEF		
				2003/04	2004/05	2005/06
CONSULTANTS	10.354	29.680	77.906	55.460	136.440	36.440
Technical Consultants	10.354	22.546	44.476	31.010	29.180	29.180
Environmental Consultant	-	0.765	10.312	4.000	-	-
Legal Consultants	-	3.262	13.492	12.150	4.840	4.840
Financial Consultants	-	3.107	9.626	8.300	2.420	2.420
Other	-	-	-	-	100.000	-
IMPLEMENTATION	-	-	23.000	753.540	1,207.560	2,455.560
Land procurement	-	-	23.000	446.460	-	-
Bidder's Proposal cost	-	-	-	20.000	-	-
Enabling Works	-	-	-	287.080	-	-
Provincial capital contribution	-	-	-	-	1,207.560	2,455.560
UNALLOCATED (VARIANCE)	-	-	-	-	-	-
TOTAL	10.354	29.680	100.906	809.000	1,344.000	2,492.000
Approved allocation	10.354	29.680	100.906	809.000	1,344.000	2,492.000
Additional demand	-	-	-	-	-	-

¹ All amounts are in 2002 Rand values

A provision of R23 million is made for the purchasing of land at stations in the 2002/03 financial year. The Project Leader of the Gautrain Rapid Rail Link in consultation with the Blue IQ Leadership will make a final decision before such expenditure is committed.

**Table 2: Gautrain Rapid Rail Link (Budget demands as received by Gautrans):
GFS Classification of Expenditure for 2003/04 to 2005/06**

	ACTUAL EXPENDITURE		AMOUNT (R million) (VAT Incl.)¹			
			2002/03	MTEF		
	2003/04	2004/05	Estimate	2003/04	2004/05	2005/06
CURRENT						
Compensation of employees	-	-	-	-	-	-
Use of goods and services	-	-	-	-	-	-
Property expenses	-	-	-	-	-	-
Subsidies	-	-	-	-	-	-
Grants	-	-	-	-	-	-
Social Benefits	-	-	-	-	-	-
Transfers to Local Government	-	-	-	-	-	-
Other Expenses	-	-	-	-	-	-
Total Current	-	-	-	-	-	-
CAPITAL						
Non-financial assets						
Buildings and structures	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-
Other assets (Consultants fees & other services)	10.354	29.680	100.906	809.000	1,344.000	2,492.000
Non-produced assets	-	-	-	-	-	-
Capital transfers	-	-	-	-	-	-
Transfers to Local Government	-	-	-	-	-	-
Other capital transfers	-	-	-	-	-	-
Financial assets	-	-	-	-	-	-
Total Capital	10.354	29.680	100.906	809.000	1,344.000	2,492.000
Total GFS classification	10.354	29.680	100.906	809.000	1,344.000	2,492.000

¹ All amounts are in 2002 Rand values

Key outputs and service delivery trends

Outcomes

1. **Stimulate economic growth, development and job creation.** It is estimated that the development of the Gautrain Rapid Rail Link would create/sustain about 57,000 job opportunities. The operation and maintenance of the service would create/sustain about 2,200 job opportunities per annum, whilst the impact of the service on the economy has the potential to create/sustain a further 35,900 job opportunities per annum. The additional GGP that would be created during the construction phase is estimated to be in the order of R3,003 million, where after the operation and maintenance of the service has the potential to contribute about R165 million per annum. Detailed job creation and investment projections are provided in **Table 5**. (Source: Economic Impact Analysis, October 2002)
2. **Reduce severe traffic congestion in the Tshwane – Johannesburg corridor.** It is expected that about 20% of the road-based traffic in the project corridor would transfer to the Gautrain Rapid Rail Link.
3. **Achieve the Province's goals with SME's, tourism and BEE.** It is expected that HDIs would held about 10% of the shares, more than 25% would be procured from, or sub-contracted to HDIs, more than 15 % would be procured or sub-contracted to SMEs, more than 35% of the staff would be HDIs and more than 80% of the staff would be local people.
4. The delivery of the project would achieve a number of other outcomes such as:
 - Promote the use of public transport
 - Improve the image of public transport and attract more car users to public transport
 - Promote business tourism through the link between Sandton and JIA
 - Significantly contribute towards urban restructuring, shortening of travel distances and improving city sustainability
 - Provide a link(s) to the Tshwane ring rail project – linking also Mamelodi, Atteridgeville, Soshanguve and Mabopane
 - Stimulate the renovation and upliftment of the Johannesburg and Tshwane Central Business Districts
 - Link the main economic nodes in Gauteng
 - Comprise a significant part of a holistic transport plan and network for Gauteng

Outputs

Detailed milestones will be negotiated with the Preferred Bidder and finalised at financial close (expected date: February 2004). The output parameters in **Table 4** could then be improved.

Table 4: Gautrain Rapid Rail Link: Outputs

Description of outputs	Unit of measure	Output targets			Source of data
		2003/04	2004/05	2005/06	
Successful conclusion of the tender process	Signed Concession Agreement	Mrt 04			
Land proclamation	Proclamation of railway reserve and stations	Mrt 04			
Land acquisition	Acquire required land prior to construction	X	X		
Construction of infrastructure	Infrastructure delivery according to designs and specifications	X	X	X	
Construction of stations	Station delivery according to designs and specifications		X	X	
Delivery of System	Commissioning tests complete.	Scheduled for 2009/10 ¹			
Operation of the System	Successful implementation and achieving patronage and revenue targets	Scheduled for 2009/10 ¹			

¹ The project will be undertaken in two phases. The final delivery of the System is scheduled for 2009/10, although the first phase will be commissioned earlier.

Job creation and investment projections

Table 5: Gautrain Rapid Rail Link: Job creation and investment projections

Financial year	New Temporary Jobs ¹	New Permanent Jobs ²	Permanent sustained jobs	Indirect Jobs ⁴	Investment (R m) ⁵
2003/04	900	-	880	320	260
2004/05	2,600	-	2,600	900	739
2005/06	4,900	-	5,000	1,700	1,414

Notes:

1. It is estimated that about 43% of the project's capital cost will be invested in construction (building) activities, which would create new temporary jobs.

2. It is assumed that not any new permanent jobs will be created during the Development (construction and Commissioning) phase.

3. About 42% of the total investment over 5 years is expected to be allocated to activities where permanent sustained jobs are involved, i.e. professional services, manufacturing of rolling stock, technology and equipment.

4. According to the Input/Output model, about 16% of the job creation will be as a result of indirect effects of the construction phase.

All amounts are in 2002 Rand values.

1.8. Johannesburg International Airport (JIA) freezone

Overview

Background

Blue IQ is developing an IDZ to cater for export orientated manufacturing industries. The IDZ will offer specific incentives to exporters and most importantly the location serves to meet the requirements of exporters that rely on the proximity of the airport for the transportation of their products.

Through development of the IDZ, a further need for a ring road on the eastern precinct of the airport where the IDZ will be situated is also fulfilled. The infrastructure required will make the eastern precinct accessible and will promote the release of land for future developments.

Progress made on master planning, planning & detail planning process

In terms of the IDZ, detailed planning has been completed, the Site Development Plan is ready for execution. However the plan is subject to improvement should there be recommendations from the planning authorities of Ekurhuleni Metropolitan Council.

The preliminary and detailed designs for the infrastructure projects have been completed. The planned roads have been proclaimed for implementation.

Tender process followed by implementing agency

Implementation of the IDZ will not be undertaken by Blue IQ directly but through a development vehicle that will be established. The vehicle will be a private company but will follow tender guidelines as stipulated by the PFMA, and it will also further the procurement principles of Gauteng Provincial Government.

The Road projects are being implemented by Gautrans and the tender process applied is the standard one that is applied by Gautrans on all their projects. However further guidelines for job creation have been prepared by Blue IQ.

Compensation & land procurement

The IDZ establishment process has included the landowners as partners in the development. Therefore no land will be procured, however landowners are afforded a stake in the development for committing their land to the IDZ.

Land to be procured for infrastructure has been identified, and thus eligible for procurement given that the roads have been proclaimed. The compensation process has begun. The majority of the budget allocated for 2002/2003 is for land compensation.

Progress made on implementation of infrastructure

As stated the detailed designs for the road projects have been completed. The construction process will commence at the beginning of the next financial year. However the relocation of services and site camps will be undertaken in this financial year.

Job creation (temporary & permanent)

At this stage in the project, no large jobs have been created.

However during the construction period for the infrastructure projects the following have been forecasted.

- | | | |
|----------------|---|-----|
| • Unskilled | - | 200 |
| • Semi-skilled | - | 90 |
| • Skilled | - | 90 |
| • Professional | - | 45 |

In terms of the IDZ development a total of 200 Jobs will be created during the construction of the 1st phase of the IDZ, which will take a period of 18 months.

Empowerment

SME

Procurement from such entities is stipulated in the tender procedures in terms of the awarding of contracts.

BEE

The procurement aspects of the project in terms of BEE follow guidelines as set out by GPG. Larger companies with capacity are encouraged to Joint Venture with smaller BEE concerns. The professional teams conducting work on the IDZ site plans are BEE and SME. The infrastructure consulting teams are also a combination of BEE firm joint venturing with a larger established entity.

Training

Development of skills takes place at the contracting level. Contractors have to meet the requirement of skills development as contained in tenders which are issued. Also at a Blue IQ level, assistance measures in terms of linkages with the Department of Labour also happen.

Investment opportunities

Investment opportunities follow on the outcomes stated for the project. The infrastructural projects will make land accessible for future developments, which would be in the form of a mixed use corridor for the area.

Opportunities in the IDZ would largely be for the industries sectors, however other investment opportunities would be abundant. These would be for service providers in the financial services sectors, construction etc.

Major events

- The Proclamation of K157 & K90 Interchange
- Designation of JIA IDZ by the DTI

Review 2000/01 & 2001/02

Project/ sub-project description	Region/ Municipalities	Timelines	
		Start	Complete
N/A			

Review 2002/03 financial year

Project/ sub-project description	Region/ Municipalities	Timelines	
		Start	Complete
K157 (Atlas Road)	Ekurhuleni Metro	04/2003	07/2004
K90 (interchange)	Ekurhuleni Metro	04/2003	10/2005
Elizabeth Ramps	Ekurhuleni Metro	2005	N/A
JIA IDZ (Core)	Ekurhuleni Metro	06/2003	12/2004

Outlook 2003/04 financial year & MTEF period

Intitaives	Project/ sub-project description	Region/ Municipalities	Timelines		Allocations [R'000]		
			Start	Complete	2003/04	2004/05	2005/06
Johannesburg Inter.Airport Freezone	K157 (Atlas Rd)	Ekurhuleni	04/2003	07/2004	43 485		
	K90 (interchange)	Ekurhuleni	04/2003	10/2005	53 016	44 159	
	Elizabeth Ramps	Ekurhuleni	2005	N/A	8 435		
	JIA IDZ (Core)	Ekurhuleni	06/2003	12/2004	49 000	70 000	
	Aerospace cluster (Framework)	Ekurhuleni /Tshwane	04/2003	03/2004	2 000		
					156 750	114 ,159	

1.9. Cradle of Humankind World heritage site

REVIEW OF FY2002-2003

- Investment in bulk infrastructure, roads and public utilities in the Cradle of Humankind World Heritage Site.
- Advertising and management of a Tender process for the Design, Construction, Exhibition Design, Installation and Operation of an Interpretation Centre Complex at Sterkfontein and Mohale's Gate.
- Advertising, appointment and management of a Cultural Heritage Resources Management Tender for the development of Heritage Agreements for the fossil sites in the COH.

OUTLOOK 2003 - 2004

Master plan implementation for the development of the Cradle of Humankind World Heritage Site, including the following:

- Investment in bulk infrastructure, roads and public utilities.
- Infrastructure development for fossil sites.
- Development of programme for on-site housing.
- Public Private Partnerships regarding orientation centres
- Public Benefit Organisation set up, with associated Trusts.
- Poverty Alleviation projects.

Outcomes and service delivery indicators for the Vote

Programme Outcome		Indicator		
Dinokeng and World Heritage Site				
Job creation		Number of direct and indirect jobs created as a result of the development of WHS as a tourist destination		
Black economic empowerment		% of infrastructure investment spent on BEE companies		
SME development		% of infrastructure investment spent on SMEs		
Physical infrastructure management				
<ul style="list-style-type: none">◆ Design, build, exhibition design, installation and operation of the Interpretation Centre Complex (ICC) at Mohale's Gate and Sterkfontein◆ Provision of required services to the ICC◆ Construction and/or grading of planned roads◆ Infrastructure to fossil sites◆ View point construction◆ Signage designed and installed according to plan◆ Identification of beneficiaries and donors resulting in the upgrading of on site housing and tenure security				
Description of Outputs	Unit of Measure	Target		
		2003/04	2004/05	2005/06
Infrastructure Networking and Fundraising <ul style="list-style-type: none">✓ Networking undertaken with government departments (e.g. DEAT, Gautrans, Public Works, 4 Municipalities, NW Public Works, Housing, DLA)✓ Fundraising and intergovernmental agreements completed (Housing, DLA, Gautrans)	Numbers	9		
	Numbers	3		

Programme Outcome		Indicator		
Infrastructure Planning ✓ Construction of Road D 400 (W) P74-1 to P16-1 ✓ Blacktopping of road from 374 to P103-2 ✓ Construction of Road D374 from 39-1 to D540 ✓ Construction of Road D101 from D374 to D540 ✓ Dolomite Road ✓ Appropriate fossil site infrastructure planned for, permitted and constructed at 6 sites ✓ View point construction ✓ Infrastructure provided for fossil sites ✓ Secure planning rights for all developments ✓ Sewerage to ICC	Kms of road	11,6	0	0
	Kms of road	15,6	0	
	Kms of road	10	0	
	Kms of road	7,4	0	
	Kms of road		50	
	Investigation	50	0	
		2		
	% Completed	50	50	3
	Number		4	
	Percentage			
	Approvals	9		
	Percentage	100%		
Tenure security ✓ Pilot implementation programme ✓ Housing and secure tenure (inside COH) ✓ Housing and secure tenure (outside COH) ✓ Eviction strategy developed ✓ Housing strategy developed	Number of households	70	210	470
	Number of households		200	
	Number of households			
	Report	1		
	Report	1		
Interpretation centre ✓ Finalise sewage disposal ✓ ICC construction	% Complete		50	50
	% Complete	10	60	30
Land Use Planning ✓ Assist in land use survey ✓ Annual update of aerial images	Reports		1	
	Number		1	
Signage ✓ Signage implementation	%Complete	70	20	10
Municipal Demarcation ✓ Review	Number		1	

1.10. Dinokeng

Review of 2002-2003

Dinokeng has achieved the following during 2002-2003:

- Negotiations to consolidate private land for Phase A of the proposed Dinokeng Game Reserve
- Implementation of a fire management programme in collaboration with the Nokeng Tsa Taemane Local Municipality
- On-going marketing of the destination
- Expression of interest in the design, construction and operation of key tourism facilities
- Completion of a roads master plan for the project area

Outlook for 2003-2004

Commencement with implementation of the Dinokeng Integrated Tourism Development Framework based on:

- Development of identified tourism hubs, nodes and routes
- Investment in bulk infrastructure and roads
- Purchase of land
- Implementation of community benefits, including tourism and skills development programmes
- Negotiations to consolidate land in Phase B of the proposed Dinokeng Game Reserve
- Public Private Partnership arrangements

Outcomes and service delivery indicators for the Vote

Programme Outcome	Indicator
Dinokeng and World Heritage Site	
Job creation	Number of direct and indirect jobs created as a result of the development of Dinokeng as a tourist destination
Economic growth	% contribution of project to GGP
Black economic empowerment	% of infrastructure investment spent on BEE companies
SME development	% of infrastructure investment spend on SMEs

Infrastructure				
♦ To establish and ensure implementation of a framework for infrastructure development in the Dinokeng area in terms of project objectives				
Description of Outputs	Unit of Measure	Target		
		2003/04	2004/05	2005/06
Infrastructure management				
✓ Tourism bulk infrastructure planned and constructed	Percentage			
• Electrical infrastructure planned		100		
• Sewerage infrastructure planned		100		
• Water supply infrastructure planned		100		
• Environmental impact assessments on planned bulk infrastructure completed		100		
• Electrical infrastructure constructed		50	100	
• Sewerage infrastructure constructed		80	100	
• Water supply infrastructure constructed		100		
✓ Dinokeng Game Reserve infrastructure planned and constructed				
• Ground water investigation completed		100		
• Ground water scheme completed			50	
• Entrance gates constructed		100		
✓ Tourism routes planned and constructed				
• Detailed plans for upgrading roads on tourist routes completed		100	100	
• Upgrading of roads on tourist routes completed		70		
• Tourist route signage plan implemented		100		
✓ Relocation grants to DGR occupiers disbursed to beneficiaries		20	50	
✓ Jobs created from Dinokeng infrastructure investment, including DGR, Tourism PPP and bulk service delivery, excluding lodge construction under DGR concessions				
• Temporary jobs		870	579	
• Sustainable jobs	Number	44	29	
• Indirect jobs	Number	31	20	

1.11. Kliptown

Overview

a) Background

Kliptown was the latest addition to the Blue IQ portfolio of projects. It focuses on the integrated development of Kliptown as national and international heritage and tourism destination using the Walter Sisulu Square of Dedication (WSSD), where the Congress of the People that led to the adoption of the Freedom Charter on 26th June 1955 took place.

Being an integrated development, the project include housing, environment, local economic development, transport infrastructure as well as bulk infrastructure.

b) Progress made on master planning, planning & detail planning process

The master plan/development framework for the entire project is complete and detail planning for some of the sub projects has been completed and is in progress for the rest of the other sub projects.

c) Tender progress followed by the implementation agency

Tenders are advertised on the relevant newspapers, adjudicated by a panel agreed upon by all stakeholders and a recommendation is made to the JDA tender committee and the JDA Board taking into account empowerment, capacity to deliver, experience and government procurement policies.

d) Compensation and land procurement

This affect some portions of land around the WSSD where the affected parties are either offered financial compensation or become stakeholders in the project. This is currently being handled by JDA and the Land Claims Commission.

e) Progress made on implementation of infrastructure

The following projects have been completed;

Recreational open spaces along Klipspruit

Development and implementation of delivery system and construction programme

Design competition was run for the Walter Sisulu Square of Dedication and StudioMas Architects were announced as the winners

The following are in progress;

Development of retail and commercial activities

Formalisation of informal trading sector

Refurbish and redevelop Kliptown station

Create network of public open spaces, pedestrian routes, etc

Develop new route network, and visitor parking

Develop new taxi rank

Consolidation of land

Provision of services to informal settlements and developable land parcels

Development of social housing rental stock

f) Job creation (temporary & permanent)

Refer to the table below regarding job creation.

Description of Output	Unit of Measure	Output Targets		
		02/03	03/04	
Investment attracted	Rands (million)	-	-	
Jobs that will be created during construction (Direct and Indirect)	Number	780	1000	
Jobs that will be created during operation (Direct and Indirect)	Number	-	110	

**g) Empowerment
SME**

The project is still in progress and is currently achieving more 80% in terms of utilising SMEs

BEE

The project is still in progress and is currently achieving more than 60% in terms of utilising Previously Disadvantaged Individuals/Contractors/Consultants.

h) Training

20 Community members have been trained in reeds harvesting and weaving and were awarded certificates at a ceremony held at the visitor's centre. Other community members will be trained in various skills during the implementation of various sub projects.

i) Investment opportunities

Although on a limited scale, investment opportunities will be available during the implementation of the project.

j) Major events

The highlight was the announcement of the winning design for Walter Sisulu Square of Dedication. The launch was attended by the Deputy President, Minister of Home Affairs and the Secretary General of the ANC and various distinguished guests.

During 2003 there will also be a sod turning ceremony when the tender for the WSSD has been awarded.

k) Review 2000/01 & 2001/02

This project only started in 2002/3 financial year

l) Review 2002/03 financial year

Projects started

The clean up of Klipspruit River

Consolidation of land

Provision of services to informal settlements and developable land parcels

Development of social housing rental stock

Formalisation of informal trading sector

Refurbish and redevelop Kliptown station

Create network of public open spaces, pedestrian routes, etc

Develop new route network, and visitor parking

Develop new taxi rank

Projects completed

Recreational open spaces along Klipspruit River along with the clean up of the river
 Development and implementation of delivery system and construction programme
 Design competition was run for the Walter Sisulu Square of Dedication and StudioMas Architects were announced as the winners

Projects committed

Project/ sub-project description	Region/ Municipalities	Timelines	
		Start	Complete
Maximising public open space	Kliptown/CoJ	November 2001	August 2004
Transport system	Kliptown/CoJ	January 2002	November 2004
Infrastructure	Kliptown/CoJ	November 2001	April 2005
Economic growth	Kliptown/CoJ	November 2001	December 2005
WSSD	Kliptown/CoJ	November 2001	October 2005
Housing	Kliptown/CoJ	November 2001	October 2005
Social development	Kliptown/CoJ	November 2001	August 2005

6. Outlook 2003/04 financial year & MTEF period

Project/ sub-project description	Region/ Municipalities	Timelines		Allocations [R'000]		
		Start	Complete	2003/04	2004/05	2005/06
Maximising public open space	Kliptown/CoJ	Nov 2001	Nov 2001	Aug 2004	48,389	19,611
Transport system	Kliptown/CoJ	Jan 2002	Jan 2002	Nov 2004	7,472	0
Infrastructure	Kliptown/CoJ	Nov 2001	Nov 2001	April 2005	5,000	0
Economic growth	Kliptown/CoJ	Nov 2001	Nov 2001	Dec 2005	3,500	0
WSSD	Kliptown/CoJ	Nov 2001	Nov 2001	Oct 2005	45,000	64,000
Housing	Kliptown/CoJ	Nov 2001	Nov 2001	Oct 2005	2,000	0
Social development	Kliptown/CoJ	Nov 2001	Nov 2001	Aug2005	0	0