

VOTE 3: FINANCE AND ECONOMIC AFFAIRS

1. Summary of Capital Budget for 2004/05 - 2006/07

Description	2004/05 Voted R'000	2005/06 MTEF R'000	2006/7 MTEF R'000
New capital projects	1,344,706	1,747,126	2,067,116
Rehabilitation/Upgrading			
Maintenance			
Other - Machinery and Equipment			
Total	1,344,706	1,747,126	2,067,116

2. Description and Number of Capital Projects

Listed below are the major deliverables of the CAPEX programme.

BLUE IQ

Blue IQ Overview

Blue IQ is a programme of the Department of Finance and Economic Affairs tasked with the provision of strategic economic infrastructure which will support the change of trajectory of the Gauteng Provincial economy in line with the province's competitive and comparative advantages and global economic trends. The vision of BIQ is to provide strategic economic infrastructure so as to catalyze economic growth, employment creation and a meaningful shift in the composition of provincial GGP and the composition of provincial exports. The initiative's mission is to effectively and efficiently deliver 11 core projects and to oversee the commercialization and optimal utilization and integration of economic activity upon the infrastructure which has been delivered.

The core functions and responsibilities of Blue IQ can best be understood in two distinct phases. The first phase is to delivery the 11 infrastructure projects on time and on budget and to ensure that institutional arrangements have been put in place to ensure the sustainability of the 11 projects. Blue IQ does not deliver these projects directly but partners with appropriate delivery agents and stakeholders to complete the first phase of the projects. As such in this first phase the role and responsibilities of BIQ include: negotiating with stakeholders and the private sector in terms of designing and delivering projects, contracting with a duly constituted SPV to deliver the agreed project and managing progress against said contract ensuring not only delivery of the project according to specification but also ensuring that all legal, statutory and treasury regulations are complied with.

The second phase of Blue IQ is to ensure that economic activity is attracted to the delivered infrastructure and that sustainability, commercial viability and second tier funding and financing mechanisms are put in place such that when GPG exits its investment the continuity of the projects are maintained. In this second phase Blue IQ's role is at present to work with the project teams to complete demand analyses for the prospective tenant and investor markets, to interact with investors in conjunction with other investment competencies in the government and to structure deals with potential tenants and investors. Responsibilities include marketing, information sharing, negotiating and deal structuring. Additional work regarding the strengthening cluster in key sectors is also undertaken.

Blue IQ undertakes these roles and responsibilities in line with its mandate received from the Executive Council of Gauteng as represented by the MEC of Finance and Economic Affairs. Blue IQ is not a juristic person but a programme under the Department of Finance and Economic Affairs budget vote.

Overview of the Blue IQ projects:

I. GAUTRAIN RAPID RAIL LINK

Implementing Agency: Department of Public Transport, Roads and Works (Gautrans)
Accounting officer: Mr E van der Merwe

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 co-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 2003/04 financial year

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

- (a) The Environmental Impact Assessment (EIA) report and the draft Environmental Management Plan (EMP) were published for comments and submitted to the Gauteng Department of Agriculture, Conservation, Environment and Land Affairs (DACEL) on 21 October 2002. The cut-off date for the public to comment on the EIA report was postponed from 21 November 2002 to 21 December 2002. Subsequently an Environmental Resource Economic (ERE) study and a Heritage Impact Assessment (HIA) were completed and published for comments. The comments on the EIA, ERE and HIA reports, plus the reaction on them, were included in an Addendum to the EIA report, which were submitted to DACEL on 17 April 2003 for consideration and approval. Various clarification questions from DACEL were answered and certain additional investigations were undertaken. DACEL granted a Record of Decision (ROD) to proceed with construction on 29 September 2003.
- (b) Third Party Agreements have been developed with the three affected Metropolitan Municipalities, ACSA and the SARCC. Many meetings were held with these institutions. Freedom Park approved a Memorandum of Understanding with the Province, Transnet and the Tshwane Metro.
- (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 and responses by September 2002.
- (f) These inputs were discussed with the Bidders and were carefully considered for inclusion in the RFP Phase II ("RFP II") documents. The RFP II documents were issued to the Bidders on 29 November 2002 after the required authorisation from the National Treasury and the approval from the Gautrain Political Committee were obtained.
- (g) In response to the RFP II documents, Bidders prepared and submitted their proposals. Due to delays with the Environmental Impact Assessment (EIA) and new needs that arose from the process, the initial submission date of 9 June 2003 had to be postponed to 14 July 2003, then to 1 September 2003 and finally to 30 September 2003.

- (h) The Province is evaluating the proposals in detail and provided that the proposals are substantially responsive to the RFP II and acceptable to the Province, the Province will select a Preferred Bidder and a Reserve Bidder in about February 2004.
- (i) 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 September 2004, after which construction will commence.
- (j) The Gauteng Transport Infrastructure Act (Act 8 of 2001) has certain requirements with regards to the determination of all new routes and the preparation of a preliminary design. It is expected that the proclamation of the route and stations will commence in March 2004 after the Preferred Bidder has been announced. Thereafter the expropriation will commence, which must be largely completed by the time construction starts.

Outlook for the 2004/05 financial year

The following major activities will be undertaken in the 2004/05 financial year:

- (a) Studies by the Province and discussions with Bidders have indicated that the phased delivery of the System can be achieved within a period of 60 months. The phased approach makes provision for the construction and commissioning of the Sandton to Tshwane and the Sandton to Johannesburg International Airport links to be completed within 42 months. Should financial closure be reached in September 2004, the first phase will be completed by March 2008. The remainder of the System, i.e. the Sandton to Johannesburg link, will be completed within 60 months i.e. by September 2009.
- (b) A period of 15 years after the full commissioning of the System is allowed for the management, operation and maintenance of the System.

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 4. (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 links 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: March 2004). The output parameters in Table 3 could then be improved.

Table 3: Gautrain Rapid Rail Link: Outputs

Description of outputs	Unit of measure	Output targets			Source of data
		2004/05	2005/06	2006/07	
Successful conclusion of the tender process	Signed Concession Agreement	Mar 04			
Land proclamation	Proclamation of railway reserve and stations	Jan 04			
Land acquisition	Acquire required land prior to construction	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	X	
Delivery of System	Commissioning tests complete.	Scheduled for 2009/10 _			
Operation of the System	Successful implementation and achieving patronage and revenue targets	Scheduled for 2009/10 _			

_ The project will be undertaken in two phases. The final delivery of the System is expected to be in April 2009, i.e. in the 2009/10 financial year, although the first phase is expected to be commissioned in September 2007, i.e. in the 2007/08 financial year.

Job creation and investment projections

Table 4: Gautrain Rapid Rail Link: Job creation and investment projections

Financial year	New Temporary Jobs ¹	New Permanent Jobs ²	Permanent sustained Jobs ³	Indirect Jobs ⁴	Investment (R m) ⁵
2004/05	2,600	-	2,600	900	739
2005/06	4,900	-	5,000	1,700	1,414
2006/07	6,400	-	6,300	2,400	1,812

Source: Economic Impact Analysis, October 2002

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) Period.

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.

5. All amounts are in 2002 Rand values.

2. THE INNOVATION HUB

OVERVIEW

Project/Sub-Project	Description	Start Date	Completion Date	Budgeted Cost (Rm)
<u>1.External Roads Infrastructure</u>				
1.1 Bridge over N1 highway	Primary site access from Meiring Naude Road	May 03	Oct 04	19.27
1.2 Meiring Naude/Cussonia upgrade	Widening of bridge for increased traffic	May 03	Sept 04	5.86
1.3 Link road East and West, and intersection	Main access road from Meiring Naude across the precinct	May 03 Note: Design of these roads started in May 03.	Sept 04	14.06
<u>2. External site infrastructure</u>				
2.1 Perimeter fence	Perimeter fence to secure the site and road to allow access until the N1 bridge is completed	Jun 03	Dec 03	3.88
2.2 Temporary construction road		April 03	Oct 03	1.99
<u>3. External bulk services and bulk electricity</u>	Provision of bulk water supply pipe, bulk sewer connection and bulk electricity	May 03	Jun 04	3.60
<u>4. Internal Services</u>				
4.1 Electricity reticulation	The Phase I roads and services and landscaping of the precinct	May 03	Aug 04	5.62
4.2 Internal roads and services		May 03	Sept 04	15.22
4.3 Landscaping and street furniture		May 03 Note: Design started in May 03.	Dec 04	2.12
<u>5. Buildings</u>				
5.1 Gate houses	The provision of security access gate houses	May 03	Sept 04	1.62
5.2 Innovation Centre building and fit-out	Building to house Incubator, shared facilities, retail facilities, precinct management, data centre and security control room	May 03	Nov 04	48.78
5.3 Multi-tenant building	Core rental accommodation for SME companies	May 03 Note: Design of these buildings started in May 03.	Nov 04	60.23
<u>6. Information and Communication Technology (ICT) Infrastructure and interfacing</u>	The provision of an integrated ICT backbone, control centre, data-network	Jun 03	Nov 04	11.58
<u>7. Precinct Security Systems</u>	The provision of security systems, access control and building management interfaces	Jan 04	Nov 04	7.81
<u>8. Consultants</u>	Planning and development consultants	April 03	Dec 04	17.98
<u>9. Operating costs</u>	Marketing and operating costs in terms of the site development.	April 03	Nov 04	1.25
<u>10. Purchase of land from UP</u>	60 ha purchased from UP	Nov 03	Jan 03	60.1

JOB CREATION TEMPLATE

Category of CAPEX	2004/05 Temporary	2004/05 Permanent	2005/06 Temporary	2005/06 Permanent	2006/07 Temporary	2006/07 Permanent
New capital	140	1 033	278	2 050	53	388
Rehabilitation						
Maintenance						
Total number of jobs	140	1 033	278	2 050	53	388

REVIEW FOR 2003/04 FY CAPITAL PROGRAMPrecinct Development

- Approval of Environmental Impact Assessment (EIA) and Environmental Management Plan (EMP)
- Development of a precinct Master Plan and Urban Design Framework completed
- DFA Record of Decision granting a basket of 121 000 m2 bulk
- Service Agreements signed with Tshwane Metro
- Tshwane Metro elevated the Hub to a 'Strategic Project' allowing expediting of planning and approvals
- Detailed design phase on all components in progress
- First two owner-build tenants (10 000 m2 bulk) ready to sign – Shurlock (one of the tenants) might be doubtful at this stage but another tenant is being sourced actively
- Letters of intent for 1 300 m2 of multi-tenant building space, and growing enquiries

OUTLOOK FOR 2004/05 CAPITAL PROGRAM

Item	Goal	Short Term 2003/04	Long-Term 2004/05	2005/06	2006/07	2007/08
A	Property Development and Marketing					
A1	Occupancy rates					
A1.1	Land sales (Bulk m2)	12 000*	7 500	7 500	7 500	Subject to roads update
A1.2	Accumulative land use (bulk m2)	24 500+	32 000	39 500	47 000	
A1.3	Multi-tenant building (MTB)(Accumulative)	1 500	4 200	6 400	8 000	8 000**
A1.4	Incubator occupancy					
	No of Companies	7	15	24	33	40
A2	Direct Investment (non Blue IQ)					
A2.1	Land sales @ R1000/m2 bulk	R6,0 m	R7,5 m	R7,5 m	R7,5 m	R2,4 m
A2.2	Buildings (Estimated at R5 000 per bulk m2)	R60 m	R38 m	R38m	R38 m	
A2.3	Facilities in buildings	R40 m	Unknown	Unknown	Unknown	
A2.4	Sponsored investment	R0,3 m				
A3	High-tech Jobs					
A3.1	Estimated on office space of 20 m2/person (excluding laboratory areas)	55	270	800	1 300	1 600
A4	Construction Jobs++ Total	1 173	2 328	440	440	-
A4.1	Permanent sustained jobs	1 033	2 050	388	388	-
A4.2	New Temporary jobs	140	278	53	53	-
A5	Strategic Partnerships					
A5.1	Tshwane Metro	Mayoral project status (2003) - Special priority for planning approvals - Application for rates rebates - Contribution to infrastructure development - Linkages with ICT strategy ('Digital City') - Potential equity partner as partial exit for Blue IQ				
A5.2	Property developers	Turn-key lease-hold proposals to tenants				

Congruency with Blue IQ Strategic Goals

Investment

To support Blue IQ's goal of crowding in private sector investment on projects, the key site investment lies in the tenant companies. While the real estate investment at full capacity of TIH could be R1,2 billion, the high-tech companies invest far more in their people and facilities. The critical mass of such investment in a region steadily becomes a great incentive for further companies and institutes to join.

In many countries, Provincial and National Governments use the leverage of their own projects or from e.g. Industrial Participation or offsets, to focus investment on such developments and catalyse the clustering. There is significant opportunity to expand such activities in relation to The Innovation Hub, but this calls for close stakeholder involvement especially GPG, DST, DoC, DPSA and DTI.

Promotion of Black Economic Empowerment

The Innovation Hub is committed to achieving the goals of BEE and from the outset, set specific empowerment targets for procurement. In the Request for Information (RFI) stage of tendering on all design tenders, specific empowerment levels were set as requirements, ranging from a minimum of 30% to 50%, depending on the work packages. All such goals have been achieved with the current commitments showing a BEE value of the contracts of 53%. This process will be carried through on construction contracting.

The same principles are being applied in the Hub programmes e.g. targets are being developed for incubation.

3. AUTOMOTIVE INDUSTRIAL DEVELOPMENT CENTRE (AIDC) & AUTOMOTIVE SUPPLIER PARK (ASP)

1. OVERVIEW

The following project info regarding the capital expenditure should be included, namely:

■ The number of sub projects

1. The AIDC does not have significant capital projects. The Supplier Park does have a number of capital projects, namely:

- Acquisition of land
- Infrastructure development
- Central Hub
- Mini Factories
- Logistic Centre
- Lear Production Building
- Faurecia Production Building

■ Location of projects/sub projects

1. The Supplier Park sub projects are all situated in Rosslyn Ext 2, in the Supplier Park area

■ Description of such projects

1. The Supplier Park sub projects are all aimed at putting a world class automotive supplier park in place, in order to assist the local automotive industry with their logistic optimization as well as enhancing their competitiveness in a global arena.

■ Employment to be generated by the project (distinguish between temporary and permanent employment)

1. Permanent employment retention – participating companies: estimated at 1 198
2. Permanent employment – estimated services in the park 60
3. Temporary – construction etc. estimated 5258

■ Total project cost over full construction

1. Total project cost to complete all Production buildings: estimated R 950 million

■ Details of operating costs for the projects and how these costs will be integrated into the operating budget

1. Operating cost budget for the 2003/2004 year is R 16 million, and is spent of the following work streams:

- Logistic Processes
- Customer Contact and Value Propositions
- Communications and Marketing
- Technical Core team – development and design

- Operational Services – park management, security, cleaning, etc
- Director – management of project
- Finances and Legal work

■ **Maintenance policy**

1. Maintenance in the Supplier Park will be done as and when required, through the Supplier Park development company.

2. JOB CREATION TEMPLATE

Category of CAPEX	2004/05	2004/05	2005/06	2005/06	2006/07	2006/07
	Temporary	Permanent	Temporary	Permanent	Temporary	Permanent
New capital	5258	95	2000	115	1500	125
Rehabilitation						
Maintenance			20		20	
Total number of jobs	5258	95	2020	115	1520	125

• Estimates, lessee's does not really commit to employment figures.

3. REVIEW FOR 2003/04 FY CAPITAL PROGRAM

The Supplier Park has developed at a very high speed. Huge market appetite has been established in the past year, and quite a number of automotive supplier companies are interested in signing lease agreements to move into the Supplier Park in due course. All the Gauteng based OEM's namely BMW, Nissan, Ford and Fiat is in favour of the whole development and supports it.

The first production building was completed this year, and the Mini Factories, Central Hub and Logistic Centre are in progress. Most of the Infrastructure development for the first phase of the development is also complete.

4. OUTLOOK FOR 2004/05 CAPITAL PROGRAM

The mentioned projects will be completed, and about 3 more tenants are secured to move in next year. More production buildings will be started as and when the Supplier Park has secured lease agreements with tenants.

It is the aim to seek an investor in the 2004/2005 year, and indications are that the investor process should be complete by August 2004. Blue IQ will then subsequently sell their shares to the investor, and the investor will fund further construction.

4. CONSTITUTION HILL

OVERVIEW

Information regarding the capital expenditure is summarized below:

As contained in the Constitution Hill Development delivery framework document (Refer to attached accompanying CD titled "Development Delivery Framework").

Mission:

To promote and maintain the Constitution Hill Precinct as a financially viable part of the civic structure, without any further grant finance

Objectives:

- Establish that the Development has been structured to be financially self-sustaining in its completed form.
- Provide a mechanism that may be used to assess working capital requirements both during the development stages, and on completion.
- Provide a mechanism, which may be used to manage operating revenue and expenditure after completion.
- Establish a statistical resource to facilitate both letting and management of accommodation.

JOB CREATION TEMPLATE

Category of CAPEX	2004/05 Temporary	2004/05 Permanent	2005/06 Temporary	2005/06 Permanent	2006/07 Temporary	2006/07 Permanent
New capital	420		340		340	
Rehabilitation			80		80	
Maintenance		100		200		280
Total number of jobs	420	100	420	200	420	280

REVIEW FOR 2003/04 FY CAPITAL PROGRAM

The aerial photograph attached in provides a recent 'snap-shot' of the development. Current development priorities and associated progress is highlighted below:

- A Development Delivery Framework Document has been prepared to provide strategic policy and procedural guidelines for the implementation of the development. This document was adopted by JDA Board in August 2003 and deals with the development aspects such as Vision and Mission Statement, Development Policies, Conservation, Heritage, Education and Tourism, Sustainability, Empowerment, ICT Backbone, Operating Plan, and Project Implementation Procedure.
- The Constitutional Court is under construction, the fit-out and move will commence in January 2004, the official opening is scheduled for Human Rights Day in March 2004, and the first court session is likely to take place in April 2004.
- The provision of infrastructure for the site has commenced as follows:
- All major demolitions have been completed with due approval by South African Heritage Resources Agency (SAHRA), with the exception of the Johannesburg Mortuary (currently being dismantled);
- Kotze Street upgrade has been completed;
- Hospital Street upgrade commenced September 2003;
- The 1730-bay super basement bulk excavation and lateral support contract is complete;
- The 1730-bay super basement construction commenced in September 2003;
- The bulk services and paving contract commenced in June 2003;
- The Johannesburg Mortuary was relocated in June 2003 to the former (so-called) NEH building in Kotze Street.
- Conceptual plans for accommodation at the Women's Gaol have been approved by all project stakeholders (including SAHRA), and tendering procedures are underway for the procurement of a main contractor for this work component.
- The Heritage, Education and Tourism (HET) project business plan was completed by end August 2003. In addition, a short-term implementation plan has been initiated so as to provide an updated visitor experience on site in time for the opening of the court.
- There is an urgent need to appoint the following project managers for the development, in terms of the restructured development (Refer to July 2003 Business Plan):
 - Project Manager: Human Rights Campus
 - Project Manager: Commercialization
 - Project Manager: Heritage, Education and Tourism
 - Project manager: Facilities Management and Institutional Arrangements

OUTLOOK FOR 2004/05 CAPITAL PROGRAM

Key development focuses for the forthcoming year are highlighted below:

- Completion of Town planning procedures, property consolidations, subdivisions and legal transfer of Constitutional Court building to the Department of Justice (Target date is September 2004);
- Completion of the 1730 bay parking super basement (Target date is January 2005);
- Design development and procurement procedures for the hotel facility on Development Block B (Target date is December 2005);
- Architectural competition and detail design of the site Visitor's Centre on Development Block A (Target date is December 2006);
- Completion of the accommodation at the Women's Gaol (Target date is July 2004)
- Ongoing roll-out of Institutional Arrangements and operational plan for the Constitution Hill Management Company (CHMC) in accordance with the HET business plan;

- Ongoing roll-out of HET project in accordance with the HET business plan;
- Secure commercial and retail tenants' Letters of Intent (Target is 60% of total lettable space by June 2005);
- Roll-out of campus public artwork programme (Target is five installations by December 2004);

5. KLIPTOWN

OVERVIEW

Project/ Sub Project/ component	Description
1. ENVIRONMENTAL UPGRADE	Development of recreational open spaces within the flood path along the Klipspruit
I.1 Open space	Addressing pollution of Klipspruit river to maximise open space potential
I.1.1 Sports fields	Development of sports fields in open space
I.1.2 Parks	Development of parks in open space
I.2 Rehabilitation of Klipspruit River	Reed clearance and bank rehabilitation is required in order to release land within the flood plane
I.2.1 River bank stabilisation	Management and minimising detrimental environmental disturbances during construction
I.2.2 Wetlands rehabilitation	Cleaning up of wetland areas
I.3 Environmental awareness	To ensure a decrease in environmental degradation of the area
I.4 Environmental management plans	Undertake EMPRs for Kliptown development
I.4.1 Creation of green spaces	Undertake EMPR for parks to ensure optimisation, creation and protection of fauna and flora in parks
I.4.3 Waste control measures	Improvement of waste removal services
I.4.4 Removal of alien vegetation	Removal of alien vegetation in the area
I.4.5 Recycling centre	The establishment of a recycling centre
I.4.6 Litter trap	The prevention of litter from entering drainage system
I.5 Rehab of sewer system	Clearing pollution of river from sewerage and storm water systems
2. ECONOMIC DEVELOPMENT	To ensure an improvement in living conditions and standards of people
2.1 Creative industries	To develop numerous creative industries in the area
2.1.1 Photography	4 individuals trained to capture the development of Kliptown photographically
2.1.2 Sekoto's Gallery	Development of photographic gallery in Gerald Sekoto's old house
2.1.3 Arts and Crafts	The development of a mini-business plan for arts and crafts development
2.2 Hospitality industries	To develop hospitality industries in the area to serve as tourist attractions
2.2.1 Analysis of status quo	Surveys and analysis of current economic and socio-economic situation of Kliptown
2.2.2 Establishment of restaurants	The development of a mini business plan for the development of the restaurant
2.2.3 Provision of catering services	Determine feasibility of catering services
2.2.4 Establishment of Hotel and Bed and Breakfasts	Determine feasibility of a hotel and converting old houses into bed and breakfasts
2.3 Fresh produce	Determine feasibility of fresh produce satellite warehouse
2.4 Construction	To create jobs and maximise business opportunities. To undertake a database of SMMEs
2.5 Personal services	Increase the provision of personal services in the area
2.6 Manufacturing	Established increased manufacturing establishments in the area
2.7 Financial services	To provide increased financial services
2.8 Garment	To investigate feasibility of clothing manufacturing centre in Kliptown
2.9 Sector growth and diversification	To contribute to economic growth and development
2.10 Marketing and Investment Promotion	To provide marketing incentive and investment promotion in the area
2.11 New nodes	To develop new commercial nodes in the area
2.12 Small scale chicken farming	To investigate feasibility of small-scale chicken farming in Kliptown
2.13 Business support centre	To investigate feasibility of business support centre in Kliptown
3. WALTER SISULU SQUARE OF DEDICATION	Enhance the significance and importance of Walter Sisulu Square of Dedication
3.1 Taxi rank and retail	To develop a taxi rank and retail facilities for informal traders
3.2 Heritage, education and tourism	Maximising the heritage, tourism and educational significance of Walter Sisulu Square of Dedication
3.3 Other commercial space	Determine other commercial space required at square such as Doctors rooms, etc
3.4 Auditorium	To develop an auditorium which can be used by the community for functions
3.5 Museum	Testing and establishing the feasibility of proposed uses for existing museum

3.6 Market	The development of a space under which informal trading can happen
3.7 Roads	Enhance accessibility and movement through and within the area
3.7.1 Station rd	The development of Station road which is to pass between the proposed Taxi rank and the Northern structures of the Walter Sisulu Square of Dedication and terminates in the proposed new station
3.7.2 Union str	Upgrading of Union Road the main access to and from Kliptown and Walter Sisulu Square of Dedication
3.7.3 Old Kliptown rd	To upgrade Old Kliptown road
3.8 Tourism information office	Tourism information office in old farm houses
4. TRANSPORT AND INFRASTRUCTURE	Upgrading of the entire transport system within the area
4.1 K43 Phase 3	The development of intersections in the proposed K43 road to maximise economic opportunities and access
4.2 Station relocation	Negotiations still need to be decided. Needs funding SARCC
4.3 Pedestrian bridges	To ensure an increase in people's living quality and conditions the bridges are to be built by local contractors
4.4 Internal roads	To upgrade internal roads within the area
4.4.1 Beacon road	The development of Beacon road into predominantly pedestrian street
4.4.2 Main road	The proposed extension of Main road north of Union Street to link back to the K43 past the proposed taxi rank
4.4.3 Local access road	To upgrade local access roads in the area
4.4.4 Bridge road	To upgrade bridge road in the area
4.5 Union rd upgrade K43 Golden Highway	Upgrading of Union street between Klipspruit Valley road (K43) and the NI to Provincial Road status
4.6 Interchange Golden Highway NI	Union street extension beyond current alignment to link up with National road: NI
4.7 Park rd (golfcourse)	Creation of a walking boulevard between proposed golf course and housing development
4.8 Crossroads	Linking the two communities and breaking down the apartheid buffer
4.8.1 Modjaji	The linkage of Modjaji and Buckingham road across the existing park to enhance the accessibility and financial feasibility of the proposed Modjaji Buckingham business centre
4.8.2 Buckingham	The linkage of Modjaji and Buckingham road across the existing park to enhance the accessibility and financial feasibility of the proposed Modjaji Buckingham business centre
4.8.3 Baker	Decommissioning of the landfill site and the development of this intersection as an entrance to the proposed golf course and botanical gardens.
4.9 Relief road	Development of a parallel road to Union Road
4.10 Storm water	Development of long term infrastructure plan
4.11 Electricity	Development of long term infrastructure plan
4.12 Water	Development of long term infrastructure plan
4.13 ICT Communication	Development of long term infrastructure plan
5. SUSTAINABLE NEIGHBOURHOODS	Ensure that the neighbourhoods within the area is safe, secure and a healthy environment to improve the living conditions of the community
5.1 Institutional housing	The development of up to 1400 units of Institutional housing for rental
5.2 Northern Section	Proclamation of green fields land or land occupied by informal settlements in the
Northern section of Kliptown. and Phase 2	The development of all housing in the Northern Section including Phases 1A, 1B, 1C
5.3 Southern Section	The upgrading of the mixed use development in the southern section
5.4 Social administration	The development of a programme which includes checking the location and occupants of all housing units and shacks currently in the area, allocating households to housing opportunities and relocating
5.5 Land acquisition	The securing of land for the estimated shortfall of 1100 to 1450 units.
5.6 Social services	The development of additional social services due to the increase housing
developments which are to take place	
5.6.1 Clinics	Additional social services required due to additional housing
5.6.2 Libraries	Additional social services required due to additional housing
5.6.3 Schools	Additional social services required due to additional housing
5.6.4 Sport and recreation	Additional social services required due to additional housing
6. SOCIAL DEVELOPMENT	For improvement of the living conditions and quality of the community
6.1 Social Development Framework	To undertake a social development framework for the area
6.2 Interim Programmes/Quick Wins	To provide interim programmes which can provide immediate economic
improvement to the communities in the area	
6.2.1 Career guidance	To improve career guidance in the area

6.2.2 Computer literacy	To enhance computer literacy skills in area
6.2.3 HIV Aids Awareness	To ensure better living conditions and quality
6.2.4 Mobile clinics	To provide services closer to the people
6.2.5 Legal advice	To inform the communities of their legal rights
7. INSTITUTIONAL ARRANGEMENTS	To improve the status quo if the area and ensure sustainability of development
7.1 Management strategy	A vehicle for the management of Kliptown development
7.2 Management of square	A vehicle for the management of the square
7.3 Urban-Management- Commercial and Residential	To ensure adequate management structure in place in the area
7.3.1 Crime prevention strategy	Undertake a crime preventions strategy and to increase lighting, CCTV cameras and policing
7.3.2 Operation plan	To undertake an operation plan for the area
7.4 Service delivery	To ensure adequate service delivery in the area
7.4.1 Credit control	Ensure policy for services received to achieve strategies and sustainability
7.4.2 Utilities performance	Management of utilities is required
7.4.3 By law enforcement	MPD on board and clear by laws

JOB CREATION TEMPLATE

Category of CAPEX	2004/05 Temporary	2004/05 Permanent	2005/06 Temporary	2005/06 Permanent	2006/07 Temporary	2006/07 Permanent
New capital	1000	20	1000	40		
Rehabilitation						
Maintenance						
Total number of jobs	1000	20	1000	40		

REVIEW FOR 2003/04 FY CAPITAL PROGRAM

The following major capital projects have been completed

- Design development for the Walter Sisulu Square of Dedication.
- Construction of the Temporary Visitor Centre
- Create network of public open spaces, pedestrian routes, etc
- Phase 1&2 of the K43/Klipspruit Valley Road
- Services installation on the incremental housing project.
- Housing delivery strategy
- Economic development strategy

The following are in progress;

- 4.2 Develop new route network, and visitor parking
- 4.3 Develop new taxi rank
- 4.4 Consolidation of land
- 4.5 Development of social housing rental stock
- 4.6 Formalisation of informal trading sector
- 4.7 Create new diverse business opportunities for existing informal traders
- 4.8 Develop tourism and tourist spend
- 4.9 Create network of public open spaces, pedestrian routes, etc
- 4.10 Consolidation of land
- 4.11 Development of housing stock
- 4.12 Community environmental awareness programme

The review should highlight major achievements in implementation of capital projects and progress on the ongoing major projects

OUTLOOK FOR 2004/05 CAPITAL PROGRAM

The following projects will be in progress;

- Establish institutional and financial arrangement for ongoing management
- Develop new route network, and visitor parking
- Development of social housing rental stock
- Community environmental awareness programme
- Development of Incremental housing units
- Development of public open spaces, parks, etc.
- Development of phase 3 of the k43
- Social Development programmes
- Economic Development programmes
- Internal roads upgrade

6. JIA FREEZONE

I. OVERVIEW

Construction of the Interchange

The project comprises:

- The construction of an interchange between Road PI57-2 (R21) and Road KI57 (Atlas Road)
- The provision of a southern east-west link road between the Great North (KI19) and Atlas Road and ACSA property.
- The upgrading of Road PI57-2 between the Pomona Road and Air Freight / Kempton Park Interchanges to accommodate the increased traffic volumes and the above-mentioned free flow interchange on- and off- ramps.

Extent of work:

The main work items to be undertaken are the following:

- The rehabilitation and upgrading of the existing freeway Road PI57-2 between the Pomona Road and Airfreight bridges including the rehabilitation of 4 road-over-road bridges.
- The construction of the KI57/PI57-2 Interchange which includes the construction of the following:
 - The KI57 (Atlas Road).
 - The Link Road between the ACSA internal access road and Road KI19 (The great North Road).
 - Ramps A,B,C,D and loop ramp I.
 - Additional weaving lanes on the PI57-2 between the Air Freight and Pomona Road Interchanges.
 - 4 Road-over-road bridges.
 - Drainage Structures.
- Overhead Sign Structures
- Soil Nail retaining Walls on the R21.
- Dynamic Compaction on Ramp A.
- The Relocation of Services
- Drainage.
- Lighting of the KI57/PI57-2 Interchange

Doubling of Atlas Road

The main purpose of the new construction is to provide adequate access to the proposed Johannesburg International Airport (JIA) Industrial Development Zone (IDZ) to be developed on the existing Denel properties situated between the concerned section of Road KI57 and the airport. The funding of the project is done by the BLUE IQ initiative of the Gauteng Provincial Government together with a contribution of the Ekurhuleni Metropolitan Municipality (EMM). The existing single carriageway section of Atlas Road, which will be replaced by Road KI57, is in a poor condition with capacity, safety, drainage and pavement problems and requires urgent upgrading. A number of housing and other industrial developments are presently also being planned on the eastern side of the proposed Road KI57 (Atlas Road).

The relocation of a number of major existing services was required on the project and it was decided to execute the relocation of the following services as separate contracts, not forming part of the Roads Contract:

- (a) Petronet Pipeline
- (b) Electrical Services
- (c) Municipal Water and Sewer Lines

JIA Industrial Development Zone (IDZ)

The project is intended to provide an efficient and effective transport and export duty-free zone for high value-added light manufactured goods which are exported via air freight. The envisaged impact of the project is to provide tenants with state-of-the-art logistics and transport advantages, due to the proximity of the IDZ to the airport, good security, effective and efficient customs procedures, and supply chain clustering and bespoke facilities. The project will attract time-sensitive and high-value adding industries to locate in this area. Specific targets are to increase the contribution of the aerospace, electronics and communications industries to the GGP of Gauteng. Jewelry manufacturing is also a focus area at this IDZ.

JOB CREATION TEMPLATE

Category of CAPEX (Person days)	2004/05 Temporary	2004/05 Permanent	2005/06 Temporary	2005/06 Permanent	2006/07 Temporary	2006/07 Permanent
Atlas Road (K157)	4440 (40)	4800 (44)	8192 (75)	9020 (82)		
Road K157/P157-2 Interchange	32924 (300)	14380 (131)	71400 (649)	25665 (233)		
Elizabeth Road/N12						
Total number of jobs	37364 (340)	19180 (174)	79592 (724)	34685 (315)		

Totals are cumulative for the following financial year in person Days. (Jobs Created)

REVIEW FOR 2003/04 FY CAPITAL PROGRAM**Road upgrading**

For the infrastructure work, the major activities were the completion of the detailed design, and tasks for proclamation of the roads. This has been achieved. The compensation for the affected landowners is almost completed, and most of the landowners accepted their settlements. The construction had started in the April 2003.

Industrial development zone

During the 2003-04 timeframe, an application was made for a Provisional Operator Permit (POP) as per Regulation 10 of the Gazette No. 6936 Volume 426.

Provisional Operational Permit (POP) Application

- An amount of R 50 000 was paid to the DTI for provisional operator permit (POP) application.
- Significant preparatory work was required for the POP application. This work was performed internally through the Blue IQ skills consortium.
- In terms of initial operational requirements: a) a Board of Directors comprising GPG (through Blue IQ), ACSA, and Denel was formalized, and, b) the Johannesburg International Airport IDZ DevCo (Pty) Ltd was registered.

All JIA-IDZ timeframes are dependant on the DTI's decision making as per the regulations. Currently, the POP is expected to be granted by the end of November 2003.

OUTLOOK FOR 2004/05 CAPITAL PROGRAM**Road upgrading**

In terms of the planning that has been undertaken, the following financial year will also be largely characterized by the continued construction of the road infrastructure.

Industrial development zone

The key focus of the project will be on obtaining an operator permit for the IDZ and the continuing enhancement of the road system around the JIA.

IDZ Facilities Planning

- Operational work to be done for the Operational Permit (HR, consulting work).
- IDZ facilities construction (bulk infrastructure phase I, core buildings) between 12-18 months once the Operator Permit is granted.

Outcome	Description of output	Unit of measure	Output targets 2004/05	Output targets 2005/06	Output targets 2006/07	Standard	Source of data
	Bulk Infrastructure (phase I)	% Complete	0%	50%	100%		Blue IQ
	Core buildings	% Complete	0%	80%	100%		Project Manager
	Kick-start buildings	% Complete	10%	20%	100%		Blue IQ Skills Consortium

7. CRADLE OF HUMANKIND WHS

Physical infrastructure management

- 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 2004/05	Target 2005/06	Target 2006/07
<u>Infrastructure Networking and Fundraising</u>				
• Networking undertaken with government departments (e.g. DEAT, Gautrans, Public Works, 4 Municipalities, NW Public Works, Housing, DLA)	Numbers	9		
• Fundraising and intergovernmental agreements completed (Housing, DLA, Gautrans)	Numbers	3		
• Commercialisation of tourism facilities – transaction advice	Hours per Quarter	4		
<u>Infrastructure Planning</u>				
• Construction of Road D 400 (W) P74-1 to P16-1	Kms of road	11,6	0	0
• Blacktopping of road from 374 to P103-2	Kms of road	15,6	0	
• Construction of Road D374 from 39-1 to D540	Kms of road	10	0	
• Construction of Road D101 from D374 to D540	Kms of road	7,4	0	
• Dolomite Road	Investigation	-	-	
• Appropriate fossil site infrastructure planned for, permitted and constructed at 6 sites	% Completed	50	50	
• View point construction	number	2	0	
• Infrastructure provided for fossil sites	Percentage	50	50	
• Secure planning rights for all developments	Approvals	9	4	3
• Sewerage to ICC	Percentage	100%		

<u>Tenure security</u>				
• Pilot implementation programme	Number of households	70	21	74
• Housing and secure tenure (inside COH)	Number of households		0	0
• Housing and secure tenure (outside COH)	Number of households		2	
• Eviction strategy developed	Report	1	0	
• Housing strategy developed	Report	1		
<u>Interpretation centre</u>				
• Finalise sewage disposal	% Complete		50	50
• ICC construction	% Complete	10	60	30
<u>Land Use Planning</u>				
• Assist in land use survey	Reports		1	
• Annual update of aerial images	Number		1	
<u>Signage</u>				
• Signage implementation	%Complete	70	20	10
<u>Municipal Demarcation</u>				
• Review	Number		1	

8. DINOKENG

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		
		2004/05	2005/06	2006/07
<u>Infrastructure management</u>				
• Upgrading of tourist routes with Department of Public Transport, Roads and Works (Gautrans)	R513/ K14, kilometres, Gautrans specifications	24		
• Maintenance of tourist routes with Department of Public Transport, Roads and Works (Gautrans)	Road 734, Road 1113	24,5	27	
• Tenure and housing grants disbursed with Department of Land Affairs and Department of Housing	Households	50	50	

8. CITY DEEP CONTAINER PORT

1. 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.

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

Name	Status
Construction of Rosherville Road Extension and rail over bridge	Completed
Improvements to Lower Germiston Road	Completed
Construction of Cleveland Link Road	In Progress

The new and upgraded roads will be maintained by the Johannesburg Roads Agency (JRA).

2. JOB CREATION TEMPLATE

Category of CAPEX	2004/05 Temporary	2004/05 Permanent	2005/06 Temporary	2005/06 Permanent	2006/07 Temporary	2006/07 Permanent
New capital	52	176				
Rehabilitation						
Maintenance						
Total number of jobs						

The road standard used will result in maintenance/rehabilitation free infrastructure at least for 4 years.

3. REVIEW FOR 2003/04 FY CAPITAL PROGRAM

Cleveland Link Road was the only capital project undertaken during the 2003-04 financial year. The estimated actual expenditure for the year is R44,629 Million of which R37,504 Million was contributed by Blue IQ, the remainder being contributed by the JRA. The project is progressing well and is on time and budget.

4. OUTLOOK FOR 2004/05 CAPITAL PROGRAM

The focus for the 2004-05 financial year is on the completion of the Cleveland Link Road. This project is scheduled for completion in June 2004.

9. NEWTOWN

PROJECT DESCRIPTION

The Newtown Public Environment Upgrade contracts commenced September 2001 and at this stage all works will be complete next year 2004. All the additional work for the Launch of the Mandela Bridge was completed on time before the launch of the bridge. The work comprised of various sub-projects or phases, remedial paving etc.

Phase 1 comprised the upgrading of Mary Fitzgerald Square and this was completed in time for the official opening of the Square on Reconciliation Day 16 December 2001.

Phase 2 comprises numerous smaller separated contracts in the Newtown area of which 12 projects have been identified thus far and ends in 2004. They are listed in Table below.

TABLE 1.1 - PHASE 2 SUB-PROJECTS

Phase	Reference	Description	Status
2.1	Bree/Jeppe	Paving: Bree & Jeppe/Buizenhout-West	Complete
2.2	Diagonal Square	Paving: Simmonds-West/Bree-Pim	Complete
2.3	Newtown Park	POS: Jeppe-President/Buizenhout-Goch	Complete
2.3b	Goch St Light	POS: Southeast of Turbine Hall	Complete
2.5	Buizenhout st.	Paving: Buizenhout/Carr-President	Complete
2.6	West Street	Paving: West/President	Complete
2.7 & 2.9	Quinn/Bree		Complete final snagging
2.8	President St.	Paving	Complete
2.9b	Proposed Railway Sidings		
	Surfacing road, sidewalks, lighting	Contractor on site	
2.10	Jeppe East /West	Paving, lighting and additional work for mosque	Complete final snagging
2.11	Beautz and Goch st. North	Slight alteration to building	
		Paving and lighting to upper portion of Goch st.	Complete
v.o	Mosque	Lighting and disabled ramp	Complete
2.12	Ramps and Bridge Paving	Paving, kerbing and pedestrian crossings	Completed
2.13	Stage on MFS		At design stage Awaiting final answer from JDA Management

OUTLOOK FOR 2004/05 CAPITAL PROGRAM

Outlook is about major projects to be implemented and also projects in the pipeline.

Reference	Description	Status
Jeppe and Goch Street	Gauteng Tourism Building	Construction starts January 2004 and completion early 2005
Bezuidenhout/Pim/Carr/West streets	Brickfields Residential development	Contractor is on site and completion date February 2005
Carr Street (between Bezuidenhout & West Streets)	Transnet: Sport Hall of Fame or Rand Water office development	Awaiting approval of Rand Water Board
Goch/Main/President/Park Streets	Dance Centre development :A 3000 Dance Sport hall and a 300 contemporary theatre	Awaiting funding confirmation from Lotto (R37 million)
Bezuidenhout/West/Jeppe/President Streets	Turbine Hall development: An Art space, Music space and a meeting space	Await funding confirmation from Lotto (R100 million)
Mary Fitzgerald Square	Performance stage	Construction to start early next year.
Old Electric Workshop site	Sci-Bono Discovery Centre (A science & Technology Centre: A Gauteng Dept of Education project worth R100 million)	Contractor is on site