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Executive Summary- Nasrec Business Plan

In the Urban Development Framework designed by the Nasrec Consortium and approved by the City of Johannesburg's Council, a vision of a world class sport, tourism, and exhibition node was presented for Nasrec to fuel sustainable social and economic activity including public and private sector involvement. Using the 2010 Soccer World Cup designation of the Soccer City stadium at Nasrec to be a favourite venue to host the finals, created a catalyst to spur some immediate economic, transport, health and social services. Importantly, the much needed investment will integrate the urban fabric in the south, linking the Johannesburg CBD to the Nasrec precinct and to the areas south of Aeroton and Soweto. In essence, the Nasrec vision closes the missing link in the City's south-western corridor.

The five major thrusts include Soccer, Golf, Expo, Retail/Commercial and Recreation.

The framework therefore designated the various immediate Stage 1 projects and the longer term Stage 2 precinct land development proposals.

As time is becoming of the essence to meet the challenges of Stage 1 project delivery a concise but focused Business Plan needed to be developed which would inform the implementation of the framework recommendation. Fundamental to this plan is that the institutional structure for the implementing authority be established so that any plans, reports and actions are co-ordinated with all affected and interested parties to best effect for the precinct and its users. To this end it is recommended a Section 21 Company or similar structure (such as a Voluntary Association) (hereafter referred to as the **Nasrec Management Company or NMC**) be incorporated with a

representative stakeholder Board but managed by the JDA to start earnest land acquisition and land manufacturing procedures.

Key to the successful continuation of the precinct is an exit strategy for the JDA as implementing and managing agent after 2010 or maybe after 2011 if the Rugby World Cup is awarded to SA. For the longer term it is vital that the city and the NMC embraces the Nasrec development and owns and manages it after 2010 and works alongside interested parties to realize the longer term 2030 aligned framework for the city.

While the approvals for such processes are negotiated it is recommended that the JDA appoint with immediate effect a marketing consultant to convert this business plan and the design framework into a powerful branded message for the national and international community. Not only will this become a progress report on 2010 planning for the precinct but will alert all investors to the longer term opportunities and plans within the node.

The National Department of Transport, the City of Johannesburg and its UACs including the Johannesburg Development Agency (JDA) will then busy itself with funding, detail design/implementation and liaison activities to realize the two stage vision for the area largely informed by this business plan. Notable will be its adherence to the BEE requirements of the country in awarding its proposals, ensuring that labour based employment opportunities immediately benefit some of the most impoverished communities on its doorstep and that the momentum and vigour for the world cup is captured and retained within the precinct.

The NMC will also be formed to coordinate the stakeholder's interests by feeding into the implementing authorities, the interests of the land owners and community representatives.

SECTION A

1. INTRODUCTION

1.1 Background

The south-west of Johannesburg still bears the scars of the mining belt, the segregationist apartheid planning and the disrupted landscape. Historically, planning in the region aimed to racially divide and fragment residential suburbs and social infrastructure. Iprop Limited, in particular, has been trying to integrate the area into the metropolitan fabric through planning and development initiatives. With recent interest, both from the private and public sectors, in areas like Soweto and the southern suburbs, there is fresh impetus for development in the south-west and at Nasrec itself.

Having earmarked Nasrec as a key focus point for re-development in the southern part of the city, the Nasrec Land Owners Forum (NLOF) including the City of Johannesburg (CoJ) seeks to stimulate a cluster of sporting, tourism, and related economic and property activity that will boost both Nasrec and surrounding areas. This is in line with CoJ's vision to create a world class metropolis.

The Nasrec Consortium has after an extensive and detailed investigation and planning process completed the Urban Design Framework Plan (UDFP) November 2004 and the Development Feasibility Study (DFS) January 2005, Stage 1 of the development process for the Johannesburg Development Agency (JDA). These studies have revealed that Nasrec has the required potential to develop into a world-class sports, tourism and exhibition node, bringing economic activity to the under-developed south and contributing to Johannesburg's goal of becoming a world-class city. Although many opportunities exist at Nasrec and there are existing clusters that can be nurtured and grown, the node does have to confront some locational disadvantages that need careful

management. Nevertheless Nasrec is well-placed to take advantage of the new momentum that the 2010 Soccer World Cup is generating. Private investor interest in the previously under-developed south-western region of the city is an indication that the timing for Nasrec is favourable. To this end the UDFP process was engaged by government, business, community and social stakeholders to obtain broad consensus for the plans ahead.

The UDFP recorded the process followed for the preparation of base information and forecasts that will impact the Nasrec node. The key purpose of the UDFP was to inform the DFS report which assesses the financial viability of the proposals identified. Figure 1.1 diagrammatically represents the process followed. This Business Plan report must therefore be read in conjunction with both the UDFP document and DFS Report.

This business plan is the synthesis of outputs from both the UDFP and the DFS report into a practical and sustainable development that satisfies both the CoJ's long term vision as well as accommodating the momentum of the primary catalyst, being the 2010 Soccer World Cup. Time is critical hence the key success to this development will be the effort and time taken to approve implementation and successfully complete the development before 1st July 2008 as required by FIFA's programme for that occasion.

Stages of the Nasrec Development

- | | |
|--------------|---|
| Stage 1: | Urban Design Framework Plan and Development Feasibility Study |
| Stage 2: | Development Business Plan |
| Stage 3 - 7: | Implementation of Business Plan (Projects and Sub Projects) |

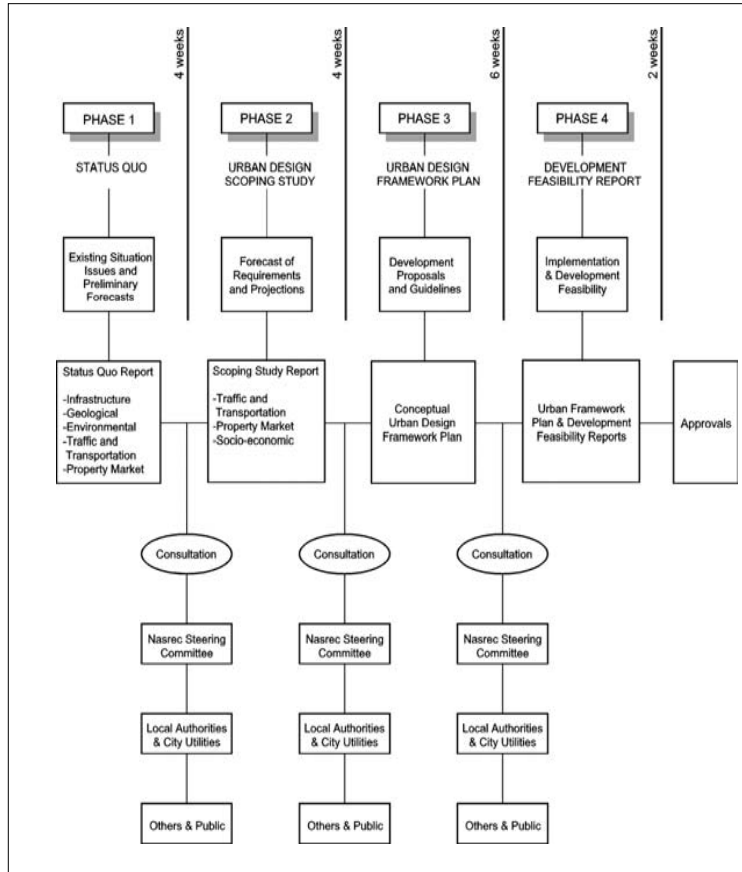


Figure 1.1: Urban Design Framework Plan and Development Feasibility Study Preparation Process

1.2 Location of Nasrec

Nasrec is located in Gauteng province, which generates some 40% of South Africa's GDP. At metropolitan level (see Fig1.2), Nasrec is situated in Johannesburg, south-west of the CBD, and north-east of Soweto. The southern part of the city has traditionally been sidelined in favour of the fast-growth northern nodes, but this is slowly starting to change. Development at Nasrec may be well-positioned to exploit new development and economic interest in the south.

It is well known that the location of interchanges on freeways attracts development due its accessibility to high mobility roads. Nasrec lies close to the N1 and N12 interchanges being Randshow Road, Soweto Highway, the future N17, Nasrec Road and Xavier Street as can be seen in Figure 2.2. With the changing development focus to the south, pressure to develop adjacent to these interchanges will intensify as part of the normalisation process.

As defined in the brief, the study area is bounded by: the Soweto Highway to the north; Rand Show road to the south; the N1 Western-Bypass to the west; and Crown Mines Golf Course to the east (see Fig. 2.2). Located in Administrative Region 9 of the city, the study area is governed by the Region 9 Regional Spatial Development Framework (RSDF)

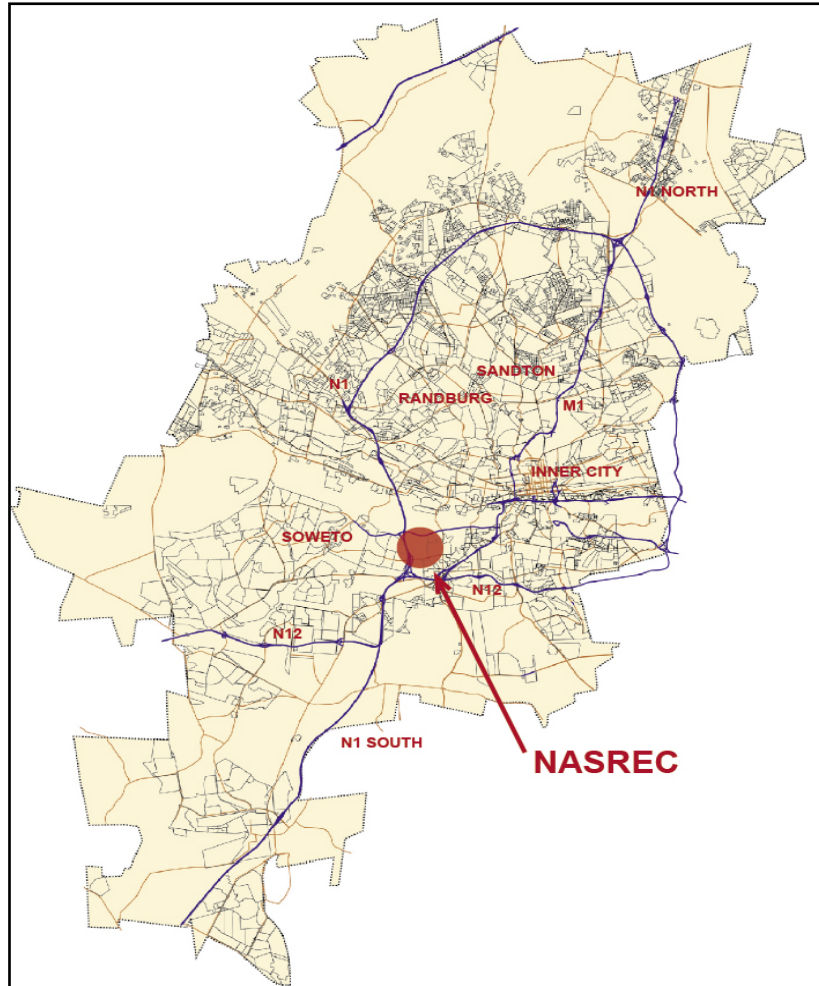


Figure 1.2: Macro Location – Johannesburg Context

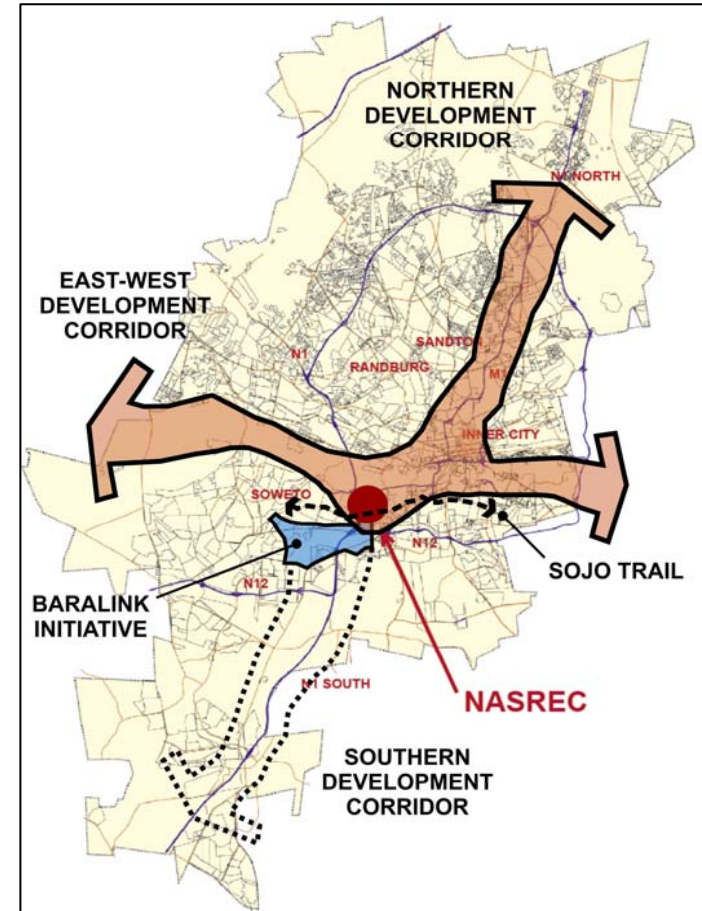


Figure 1.3: Conceptual Representation of Proposed Development Initiatives Indicating the Pivotal Role of Nasrec

1.3 The Nasrec Vision

The Nasrec vision is to create a unique destination by efficiently leveraging existing exhibition and sports facilities, including the 2010 Soccer World Cup investment in a way that fuels real and sustainable economic growth. The support of both public and private stakeholders and the need to build stakeholder value are key to the Nasrec Development's vision.

There are some key concepts in the vision. Nasrec needs to **optimise its existing features and land uses**, across the tourism, sporting, expo, and recreation and heritage sectors. It needs to be **sustainable and diverse**. It needs to be **efficient and add value**. Figure 1.4 describes the cluster approach taken toward developing this vision

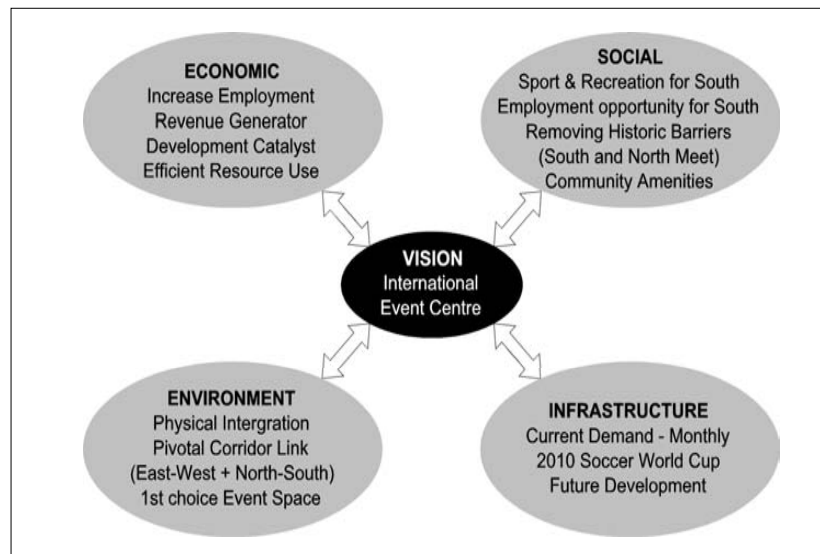


Figure 1.4: Nasrec Vision Statement

1.4 The Urban Development Framework (UDF)

The Nasrec Urban Development Framework (UDF) seeks to provide the tools for viable, sustainable and appropriate development at Nasrec. It is a synthesis of previous and present planning efforts, composed of written statements supported by a variety of maps and illustrations. The primary role of the UDF is to guide development and promote land uses to create a sustainable physical environment that best serves the needs of the node and the region.

The UDF has been prepared by the Nasrec Consortium for the Johannesburg Development Agency (JDA) and the Nasrec Landowners Forum (NLOF). It records the process followed for the preparation of base information and forecasts that will impact the precinct. A key purpose of the UDF is to inform the Nasrec Development Feasibility report, which will assess the financial viability of the proposals.

The UDF was developed through a participatory process.

Steering and liaison committees were established to direct participation with stakeholders, and the process involved three phases to ensure maximum potential for input. An overall vision for the node was crafted to guide the UDF in its work. The City of Johannesburg has approved this UDF.

1.5 The Development Feasibility Study

The Nasrec Development Feasibility Report established the framework for public sector capital investment for the JDA and City of Johannesburg. The function of the development feasibility report was to provide a broad assessment of estimated costs and likely benefits of implementing the Urban Design Framework's phased approach and a preliminary risk assessment.

SECTION B

2. DEVELOPMENT DESCRIPTION

2.1 Location Analysis

Macroeconomic forces impacted heavily on the manufacturing sector in Johannesburg over the past decade. Combined with a global trend towards development on the urban periphery (Garreau, 1991), employment opportunities in the inner city and in the manufacturing belt immediately south of the city have declined. At the same time, growth in the industrial, commercial and residential sectors has moved northwards towards Sandton and Midrand, as well as to the east in areas such as Limbro Park, Longmeadow, which have evolved into Johannesburg's main commercial centres. Other areas of commercial development include Woodmead, and Meadowdale. The south-western parts of the city and the Nasrec area were largely marginalized as a result, although areas such as Crown City have also become important. The UDF plans to close the current missing link effect and be proud of the resultant investment product

This is changing and there has been discussion in the media about rising investment and development interest in Soweto particularly (Financial Mail, 2004).

Private sector growth trends are recognised – and echoed – in the Gauteng Spatial Development Framework. A Primary Development Zone has been identified for the province: running northwards from Johannesburg, CBD along the M1 highway, through Midrand, to Pretoria and Mabopane. A second leg stretches eastwards from Johannesburg CBD as the Gauteng section of the Maputo Corridor. Adjoining this development triangle are areas called support zones.

Although Nasrec lies outside the primary zone, it does fall inside the secondary zone. Regionally, northern and eastern Johannesburg is favoured for economic development. Low-income households however reside in the south and west of the city, where investment activity is limited.

Nasrec nevertheless displays several key locational advantages. It lies at the intersection of the city's east-west and north-south development corridors, as delineated in the City of Johannesburg (CoJ) Spatial Development Framework (Fig. 1.3). The site is also positioned to make real social and economic gains if investment and employment can be attracted and boosted.

The study area is approximately 420 hectares in size and includes:

- Soccer City;
- Expo Centre;
- Crown Mines Golf Course;
- An approved memorial park
- A small parcel of land earmarked for industrial use;
- The largest of three active slimes dams in the area, and
- Significant portions of vacant, publicly-owned land interspersing these uses.

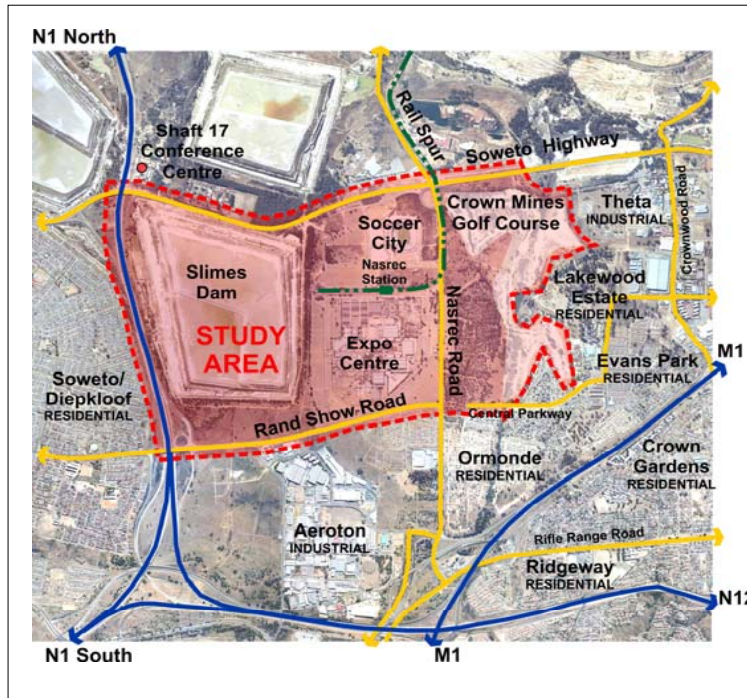


Figure 2.2: Study Area

2.2 Strategic Development Thrusts / Objectives

The NLOF members include the Nasrec owners being the Johannesburg Expo Centre, iProp Limited, Soccer City, and Department of Public Works. The full list of members can be found in the Urban design framework report, pg 108.

The objectives that should be achieved by the development at Nasrec has been influenced by the NLOF workshop (2003/4) on the Nasrec node. The overarching aim is to guide sustainable physical,

social, economic and environmental regeneration and development of the Nasrec precinct. This can be broken down into seven individual objectives:

1. Stabilise and Improve the Area

The built and open environment at Nasrec should actively help stimulate and complement the adjacent and surrounding areas. A focus for Nasrec will be established if it can generate a sense of identity and create a unique brand.

2. Improve Transportation and Traffic Facilities

Public transport is crucial for the future success of Nasrec. The precinct's transport system needs to be accessible by pedestrians and drivers alike; it needs to be safe; and it should work to enhance the public realm.

3. Promote a Variety of Uses

If Nasrec wants to create a balanced, mixed-use and 24/7 environment, a cross-section of land uses is necessary. Institutional, commercial, residential and recreational should all be part of that mix.

4. Expand Event and Tourism Opportunities

Nasrec has a natural niche in the tourism and eventing sectors; this needs to be expanded, encouraged and actively promoted through development.

5. Increase Fiscal Revenue

To attract investors, Nasrec needs to offer state-of-the-art infrastructure and accessible technologies. Exposure to

potential markets, and flexible development opportunities are essential, e.g. flexible erven sizes that allow a range of potential building types.

6. *Promote an Economically Viable Place*

Logical, viable and phased development is another criterion for attracting investors into the Nasrec node.

7. *Promote a Place that Responds to the Environment*

Sensitivity to environmental considerations can be a competitive advantage in attractive investors and tenants, and development at Nasrec must safeguard ecological systems and maintain or improve the environment.

- Baralink Development Framework
- SOJO Trail
- 2010 Soccer World Cup

The details of this exercise is documented within the UDFP [2.1 Context – Regional Characteristics Chapter 2: Status Quo]

2.3 Alignment to Joburg 2030, IDP, RSDF Region 9 and Metro Development Trends

The context of Nasrec as a development node within the dynamic's of the regional and metropolitan goals and objectives are important in determining the sustainable role to be played by Nasrec.

The Nasrec development node produced within the UDFP was carefully designed to be synchronised with the objectives of the following:

- Regional Characteristics
- Metropolitan Development Trends
- Joburg 2030
- Regional Spatial Development Framework – Region 9
- Southern Development Corridor
- East-West Development Corridor

2.4 Projects and Sub-Projects

The following projects and sub projects are based on the development principles stated within the UDFP [Chapter 4, 4.2 Development Principles Pg 54] that forms the structure of the Nasrec Precinct Development. The 7 zones of development are as indicated in Fig 2.4 below.



Figure 2.4: Nasrec Precinct Structure (07 = Zone 07)

The seven zones are as follows:

- Zone 1: Soccer City
- Zone 2: Public Transport Hub [PTH]
- Zone 3: Nasrec Expo Centre
- Zone 4: Mixed Use High Street
- Zone 5: Residential and Accommodation
- Zone 6: Crown Mines Golf Course
- Zone 7: Parking Areas

Detailed spatial planning for each of the above zones have been undertaken in the UDFP [Chapter 4, 4.4 Precinct Structure, Pg 66]

Table 2.1, the project summary table, lists the essential projects required to fulfil the infrastructure development objectives of the Nasrec UDF. This list is carried throughout this report relating priorities, costs, funding, priorities and roll out plan.

In taking a conservative approach, notwithstanding current market related property take-up rates studied, a two phased approach was established. An incremental phasing strategy was established where Phase 1 and Phase 2 to include the following core projects as reflected in Table 12.2.

TABLE 2.1: Project summary table

No	Sub no	Project description
A		PRECINCT PLANNING
	A0	Strategic through to implementation marketing
	A1	Finance funding options
	A2	Land acquisition and planning matters
	A3	SMME and BBBEE Policy and stakeholder management
	A4	Town planning processes
	A5	Detailed engineering investigations
	A6	Urban design precinct planning Architectural, Street definitions and landscaping designs
	A7	Institutional management, NMC development
	Phase 1	
B	B1	ROADS AND BULK SERVICES
	B1-1	Golden Highway
	B1-2	Extension of Land Bou Road
	B1-3	Soweto Highway On and Off ramps
	B1-4	M2 West Extension
	B1-5	Parking and Landscaping – Zone 7
	B1-6	Bulk services (water and sewer)
	B1-7	Phase 1 electricity service (external from the south)
	B1-8	Internal electrical reticulation
	B2	PUBLIC TRANSPORT AND INFRASTRUCTURE IMPLEMENTATION
	B2-1	Public Transport Hub
	B2-2	Internal Roads
	B2-3	Pedestrian Mall and walkways
	B2-4	Pedestrian Bridge – Zone 2
	B2-5	Bulk Services

	B2-6	SARCC Rail link
	B2-7	Electrical substation (external from the north)
	B2-8	Buildings – Public Transport Hub
	B3	PARKING FACILITIES
	B3-1	Parking areas in Zone 7
	B3-2	Landscaping
	B3-3	Pedestrian walkways
	Phase 2	
C	C1	HIGH STREET INFRASTRUCTURE
	C1-1	High Street Square
	C1-2	Nasrec Road upgrade
	C1-3	Landscaping
	C1-4	Walkways
	C2	RESIDENTIAL INFRASTRUCTURE
	C2-1	Residential streets and services
	C2-2	Roadside parking
	C2-3	Monorail
	C2-4	Electricity Internal

The sub projects are the Environmental, Traffic, Land Acquisition Planning and Design that would be required to complement the above Projects.

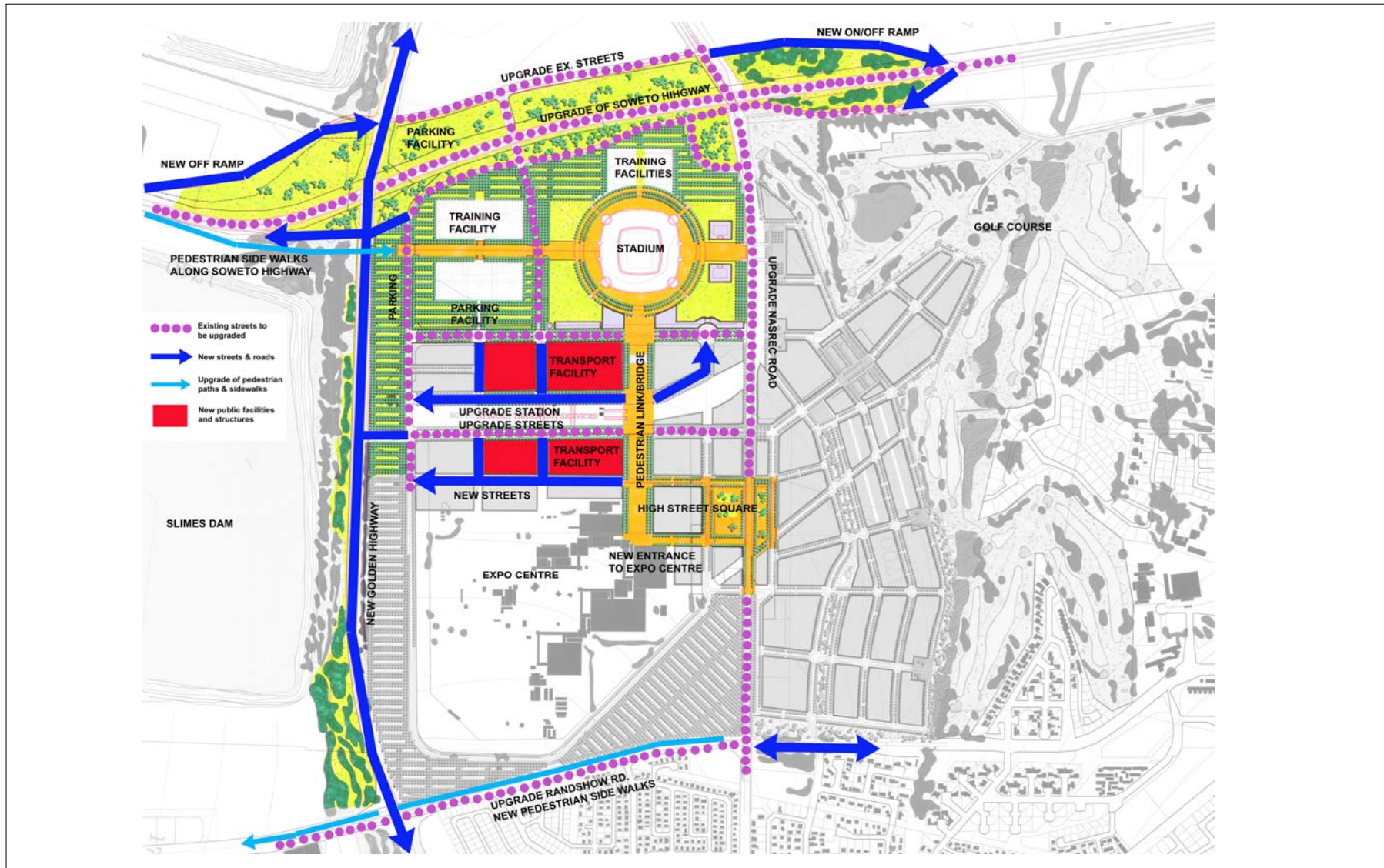


Figure 2.5: Extent of Phase One Proposal

2.5 Key performance Indicators

Primary KPI's are critical to measure the performance of the:

No	KPI description
P1	Marketing and branding
P2	Getting land ready for release to for the UDF
P3	Land manufacturing planning with respect to: <ul style="list-style-type: none"> - town planning approvals - environmental record of decision - transportation planning approvals - geotechnical matters and - land survey aspects
P4	Financing in terms of Phase 1 and Phase 2 requirements
P5	Land manufacturing coordination, integration and project management including the NMC
P6	Implementation of catalytic infrastructure projects

Secondary KPI's are supportive to the primary KPI's and measure the performance of the:

1. Implementation

No	KPI description
I1	Nasrec as a brand
I2	Stakeholder and SMME policy and management
I3	Engineering approvals in principle
I4	Architectural theme
I5	Institutional management vehicles
I6	Handover to the NMC

2. Socio Economic

No	KPI description
SE1	Economic impacts (Property, Job opportunities, etc)
SE2	Development Management
SE3	Safety and Security and Law Enforcement
SE4	Emergency Services (Health, Fire, etc)
SE5	Coordination with the International Event Centre
SE6	A Public Transport Hub
SE7	Community, National and International support
SE8	Arriving or departing to and from a large event within 45 minutes (adopted in the Nasrec infrastructure planning).

SECTION C

3. CURRENT SITUATION

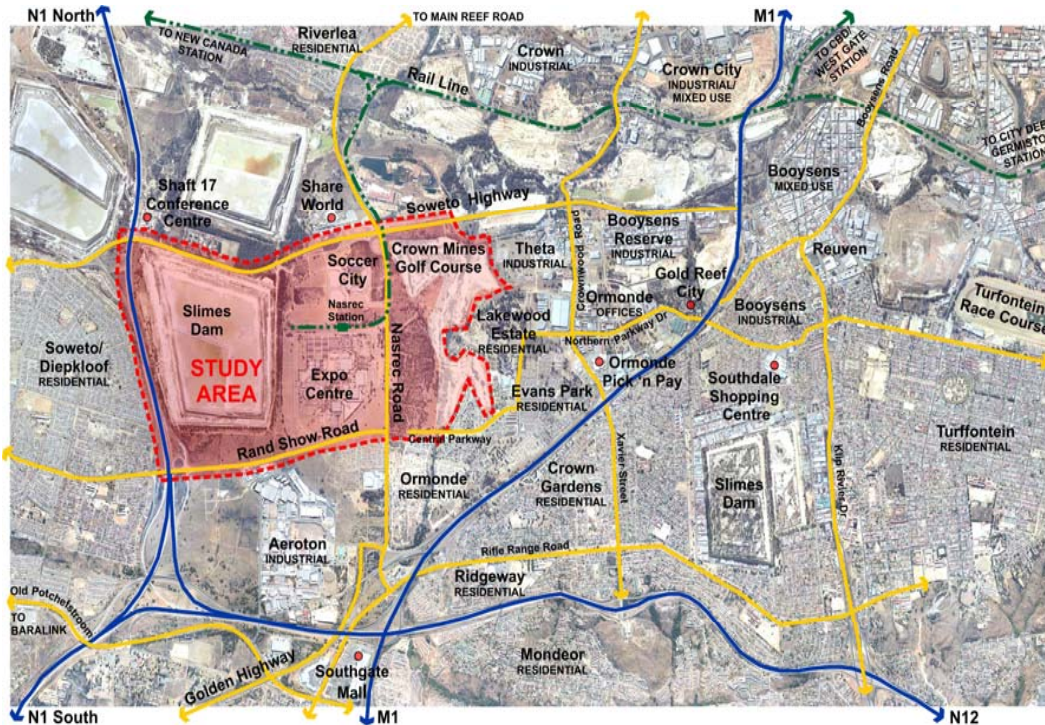


Figure 3.1 Surrounding Property Market and Land Uses

3.1 Strategic Context

There is clearly no competitor to this unique development, that offers a World Class International Event Centre of mixed

opportunities and would impact positively on local, national and international levels, placing the region on a Global Map.

The following aspects have significant importance:

- There is a limited timeframe available to take advantage of the 2010 Soccer World Cup and its spin-offs for Nasrec. The 2011 Rugby World cup has already included the UDFP and DFS report as part of the South African Bid Proposal.
- Significant vacant land and the absence of restrictive zoning for development permit the greatest prospect to create a coherent development and statement. The relatively small number of landowners facilitates the realisation of this opportunity.
- Baralink and SOJO initiatives afford the area more focus with regard to exposure, economic investment and job creation.
- inclusion of the study area as a pivotal point within the East-West and North-South Development Corridors,
- The Nasrec precinct will be able to differentiate itself as a location if the identified clusters are encouraged. This will provide a competitive advantage for property development.
- Significant existing infrastructure services in place.
- Expo Centre and FNB Stadium Soccer City assets of regional, national and international value.
- Crown Mines Golf Course is a significant and established recreational venue and open space. The course is Gary Player designed and PGA rated.

- Relatively good regional and local access.
- Excellent parking potential and capacity.
- A railway station to transport and promote spectators and freight to events and the extension and expansion opportunities it affords.
- Potential to incorporate and compound mutual value by defining and growing the focus areas to diversify economic activity.
- Demographic profile in neighbouring Soweto, especially through the provision of job creation opportunities. It is anticipated that 8 temporary jobs will be created per R1m total expenditure. It is expected that 2281 temporary jobs will be created in the immediate term and 2006 temporary jobs in the second term.
- Limited number of landowners in the Nasrec precinct improves likelihood of a realisable vision and eases the implementation process.
- A large amount of developable land is available.

3.2 The Social, Economic, Physical, Stakeholder analysis, Natural Environment are fully described in the Urban Design Framework Plan in Chapters 2 and 3.

In summary the following can be noted:

Social –

The number of households in Region 9 has grown by 48 percent from 1996 to 2001. Unemployment in Soweto is four times higher than the neighbouring southern suburbs. Nasrec

could cater for the aspirational and mature sections of the population. Access to sports, recreational and exhibition facilities will serve to bring and integrate different cultures for shared experiences.

Economic –

The major issues that afflict the area being poor vehicular and pedestrian circulation and large tracts of surrounding vacant land among others that have created negative sentiments and a sense of despondency for development of the area. Major regeneration initiatives in the Nasrec precinct will have a far-reaching impact, not only in reversing the current trends, but in providing positive investment sentiment to the area, resulting spin-off for neighboring south western development initiatives to Johannesburg and the country as a whole.

The conservatively middle order analysis estimates an Internal Rate of Return of the full Nasrec project to be in the order of 24%. The realizing this return forms the economic potential of the area.

Physical –

The surrounding vacant land, limited visible public infrastructure and no private investment initiatives are the core of development issues, as they have tended to increase the risk profile of the area and heighten negative perceptions.

Stakeholders –

The Institutional and Social Facilitation entailed the following:

No	Description
1	Identification of all relevant stakeholders and interested and affected parties during the Status Quo Assessment phase
2	Engage with stakeholders to identify their needs, fears and issues during the Scoping phase
3	Facilitate stakeholders inputs regarding the intended Urban Design Framework and Development Feasibility Report and the expected consequences of the proposed project
4	Develop a stakeholder analysis and engagement plan as part of the Development Feasibility deliverable

The aspects of need, fears and issues were raised and noted. The UDF was developed to alleviate these aspects, taken into account and addressed in the UDFP.

Natural Environment –

An environmental scan of the study area was undertaken to establish the current status and inform future Nasrec planning considerations (SEF, 2004). Specialist studies were undertaken during 2004 including an ecological assessment by SEF, a Heritage Resources Survey by Dr. Johnny van Schalkwyk of the National Cultural History Museum and Surface Water Resources Assessment by RauEcon.

The aspects of climate; topography and slimes dam, vegetation and open space; hydrology, heritage, geology and soils; and radioactivity are recorded. The UDF design caters for the environmental needs and is expected to improve the existing situation.

Mining activity –

The prospecting rights still require the raising of the level of understanding and disturbance of the existing businesses. At this stage iProp have informed the NLOF that the most of the prospecting investigations (by Crown Gold Recoveries (CGR)) will be completed by the start of the Phase 1 projects and therefore do not likely to cause problems.

Memorial Park –

Cognisance of the implementation processes regarding this Park have been input into the NLOF. Any outcome will not materially affect the UDF except for the choice of the SARCC rail line route.

4. MARKETING

4.1 Branding

South Africa stood out as one of the most talked about destinations in the 2004 World's Best Awards survey by international travel magazine Travel & Leisure

Some 8 million foreign tourists visited South Africa in 2004, the highest number ever. This means tourism more than doubled in the 10 years since South Africa's first democratic elections in 1994, when fewer than three million foreigners visited the country.

The figures were announced at Indaba 2005, SA's premier tourism exhibition, Environmental Affairs and Tourism Minister Marthinus van Schalkwyk challenged the industry to break through the seven-million visitor threshold in 2005.

The success of the new International Event Centre node, although unique, will rely on the ability of the promoters, stakeholders and Land owners to find an appropriate balance between required financial, social and economic objectives and capitalizing on events and change their business models appropriately to attract crowds drawn by big events and precipitate growth. Yet, the long term viability of the development requires that the sites within the International Event Centre node are correctly marketed taking cognizance of the type of product that is being made available, and the price that this is offered at. The Marketing of the development needs to commence upon completion of this Stage 2: Business Planning, in order to raise awareness of the proposed development

and start attracting potential Investor and Property Market related interests.

The project is located in a region of the Johannesburg Metropolitan area that has in the past seen low levels of private investment activity. Nonetheless the new node will offer excellent opportunities due to the improved mobility and highway access and competitive land values. An analysis of current demand, undertaken as part of the study suggests that the area attracts smaller entrepreneurs seeking competitively priced premises. Added to this, the area has recently seen substantial levels of investment in the residential property market and opportunities exist to build on this demand. Future demand, as well as improving on existing levels of take-up, requires the creation of a dynamic urban environment that provides an appropriately attractive mix of residential, business and leisure uses. It is in this regard that the new International Event Centre node can play an important role in stimulating investor interest in the area. A land mark with sufficient height to capture the south western Johannesburg skyline is strongly suggested; perhaps an attractive office building or exclusive hotel building could be key.

The marketing success of the development will require an early buy in from property developers and investors who see market related opportunities. The development needs to take cognizance of long, medium and short term market dynamics, which also means that infrastructural expenditure and delivery should be carefully linked to potential take-up rates. The objective of the marketing programme must be to ensure that the quantum and type of space offered to the market is appropriately planned and target implemented.

The institutional framework that is created should be sufficiently streamlined to ensure rapid decision making and rollout programs and provide the flexibility required to meet the requirements of potential investors and tenants . At the same time it means

remaining true to the agreed Urban Design Framework. The success of the project will also rely on the success achieved in promoting the proposed economic clustering initiatives. Failure in this respect means that the project will not find a specific niche in the market and hence will not differentiate itself from other initiatives in the property market. To rely on existing demand trends in the area would not provide the necessary take-up that can ensure the future financial viability of the initiative.

Early agreement will need to be reached on whether land will be sold or leased piecemeal to developers or whether a certain amount of development will need to be undertaken by the present owners. Such issues will impact on financing requirements as well as the way the different landowners and other interested parties decide to interact with each other.

Whilst the overall marketing programme will need to be informed by the timetable and requirements of this business plan (incorporating the 2010 bid requirements), the challenge will be to ensure that the 2010 Soccer World Cup plays a role in kick starting the development. Failure in capitalizing from this opportunity could negatively impact on the longer term success of the project.

4.2 Property Market Analysis, Land Use Parameters, Requirements and Projections

Market and land use requirements have been compiled in line with prevailing market demand and supply conditions (Viruly Consulting, USDF 2004). Various development scenarios were assessed for the Nasrec precinct, including residential in addition to commercial usages.

It is acknowledged that, without proper direction, land owned by different parties could develop indiscriminately and in an

uncoordinated manner. This would be driven primarily by market take-up rates as at present (Scenario 1). Alternatively, the land could be developed to target a specific market niche, where the highest and best use of the surrounding vacant land is realised, and real value is added to the region (Scenario 2).

Scenario 1 would arguably lead to a low take-up rate. This is a reflection of current market trends. Scenario 2 would arguably allow the Nasrec area to outperform the market, and encourage economic clustering to emerge around the node.

To what extent is each of these scenarios applicable to the Nasrec precinct?

Numerous uses could be appropriate in the precinct. A destination for large gatherings, accommodation, residential and commercial developments, is all options. But research suggests that the precinct lends itself to large-scale events and related commercial activity, with the Expo Centre and Soccer City providing important anchors. Positioned correctly, development at Nasrec could be a strong experiential destination for the city, at the same time exploiting clustering opportunities. Allied commercial uses (such as retailing or manufacturing) could also be stimulated. Examples include event clothing; apparel; equipment and related activities.

An accommodation and residential component to the precinct could also stimulate supporting commercial and retail activities. Envisaged components must be sensibly integrated in terms of economic clustering and the relevant value chains.

The overall market and land use strategy for the Nasrec precinct should be the creation of an effective event cluster (as indicated in Figure 3.3 and 3.4), which capitalises on existing uses and infrastructure.



Figure 3.3: Event Clustering

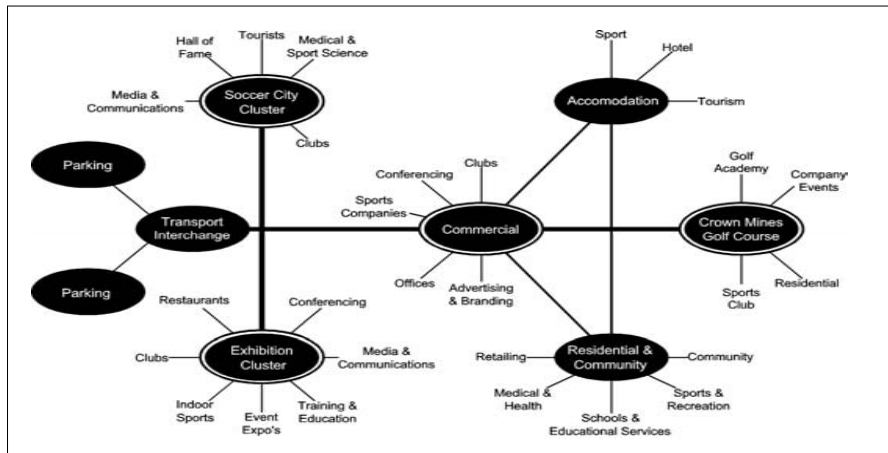


Figure 3.4: Nasrec Precinct Clustering Approach

differentiated, cluster-led development, as per the Nasrec UDF. In other words, the calculations are based on Scenario 2 being the preferred option. Please note the following assumptions to the take-up rate forecasts:

- Coverage (the percentage land area covered by building roof space) is assumed at 60%.
- A land usage factor of 25% was used for infrastructure (including roads) and public open space.
- The take-up demand time period is ten years.
- Demand is based on exhibition, conferencing and tourism cluster development at Nasrec.
- It is expected that land take-up will be lumpy – i.e. relatively large tracks of land will need to be developed in a manner that ensures the overall financial viability of the development.

Take-up rate projections

	Event Related/Hotel	Office Commercial	Residential
Total 10yr Take-Up	15Ha.	20Ha.	23Ha.
Average per annum	1.5Ha.	2.0Ha.	2.3Ha.

Figure 3.5: Estimated Take-up Rate over a 10 year period

Looking forward, then, property market projections suggest that event and hotel uses could see demand of 1.5 hectares per year; that demand for commercial uses will average around two hectares a year; and that residential will see the strongest demand at 2.3 hectares annually. These projections should inform the land use structure and the phasing strategy for the UDF; but they must also inform the feasibility study especially with regards to timing.

Take-up rate projections are based on prevailing market indicators. These were adjusted to account for accelerated take-up at a

5. KEY SUCCESS FACTORS FOR THE DEVELOPMENT

The magnetic attraction of people of diverse cultures both nationally and internationally to a world class International Event Centre, creates a platform toward a positive economic development strategy that aims to stimulate the new and existing developments within Nasrec. This is accomplished by accommodating a new energy of development attractions sustained through concentrating and improving vehicular and pedestrian circulation between Soccer City, the Expo Centre and the Crown Mines Golf course. The significant improvement of accessibility and mobility of roads and pedestrian walkways, together with the construction of a public transport hub should promote retail frontage and development that contribute to the immediate success of the area.

The economic strategy also promotes a phased development approach with a variety of uses that differentiate themselves from the surrounding market and encourages the use of showcase sustainable development typologies. In addition, capacity building programmes need to be explored to promote consolidated business development and support programmes that create an environment conducive for SMME businesses to thrive.

The use of economic and social management programmes and interventions will assist the regeneration and long term sustainability of Nasrec.

6. RISK ANALYSIS AND MANAGEMENT

The identified risks are summarised below:

TABLE 6.1: Risk Analysis and Management table

NASREC DEVELOPMENT RISK MANAGEMENT MATRIX

Risk No	Risk Description	Description of Consequence	Consequence	Likelihood	Risk Mitigation Measure	Mitigating Responsible Party
1	Land NOT released as per Urban Development Framework	Organic growth of the development will be restricted and could lead to delays and costs making the development a failure to CoJ	Critical	Remote	To work fast and initiate such negotiation processes to obtain vital pieces of land to initiate the Town Planning processes	JDA
2 2a	<u>Funding</u> Insufficient Funding for 2010 related projects	- Power Failures and stalling of night matches. Chaos on Match days with Traffic congestion. South Africa registered as a failure to host 2010 Soccer World Cup	Critical	Likely	Obtain confirmation of Funding from various Government and Non Government parties on time	JDA

Risk No	Risk Description	Description of Consequence	Consequence	Likelihood	Risk Mitigation Measure	Mitigating Responsible Party
2b	Availability of funding on time for development	Risk running unreasonable design and construction periods with huge costs. Quality could be compromised with a mediocre product.	Critical	Likely	Prevent Failure of IEC Functionality by ensuring procurement toward development occurs on time.	JDA
2c	No Legacy Funding	Nasrec remains a non economic generator of jobs and opportunities to boost the South	Critical	Likely	Sustainability development must be completed hence such funding must be secured as soon as possible	JDA
3	Environmental Problems such as the National Nuclear Regulator	Development could be stalled indefinitely	Critical	Likely	Ensure testing and close working relationship between Environmentalists and NNR	ENVIRONMENTALIST
4	Professional Team delays project	2010 Soccer World Cup could be held on a "Construction Site" with many unsafe hazards and risks.	Critical	Improbable	Project Managers ensure delivery on set milestones	PDNA
5	Golden Highway (not being developed)	Lead to severe restrictions to traffic mobility and accessibility to the development hence not making the venue attractive to visit.	Critical	Likely	Have to obtain endorsement from 2010 Transport Committee as a Priority for 2010	JDA
6	Not undertaking Phase 1 Power Installation	Shut down of much of FNB power demand for 2010 Matches	Critical	Likely	Obtain funding via City Power to effect Electrical Capacity development	JDA

Risk No	Risk Description	Description of Consequence	Consequence	Likelihood	Risk Mitigation Measure	Mitigating Responsible Party
7	SARCC not developing Rail line through Nasrec Precinct	Does not meet Fifa requirements for Public Transport - Lose hosting 2010 Soccer World Cup opportunity	Critical	Remote	Obtain consensus with 2010 Transport Committee on the route	JDA
8	M2 West Extension Not materialising	North south traffic congestions displaced to other surrounding areas.	Critical	Likely	Undertake Modelling of the Zone's Traffic to assess generation and distribution of traffic flows based on demands for 2010 and Long Term	JDA
9	Land Applications taking too long into Time for Approvals	Severe Delays to implementation programme 2010 development programme already tight	Critical	Likely	Ensure that Town Planning is strategically plan and effective	JDA
10	Stakeholder management - mitigation of objections	Time delays to resolve objections lead to stalling the 2010 and legacy developments hence opportunity to boost the south economically lost.	Critical	Likely	EIA and Community Participation to cover these aspects very	PDNA and specialist sub-consultants
11	NLOF Vision not adhered to by participating members	Urban Design Framework failure to materialise an International Event Centre that compliments each member's business.	Critical	Marginal	Have a signed mandate by all NLOF parties to agree on a uniform way forward	JDA
12	National & Provincial Government discard development by overruling of the UDF & Business Plan at a late stage of Implementation	Risk of losing the opportunities of capitalising on 2010 Soccer World Cup, Tourism and other Economic benefits to the South are obliterated. Nasrec remains a struggling business development	Critical	Likely	Need to ensure that Aspects such as Safety and Security & Disaster Management are well accommodated throughout the development	JDA

The following **assumptions** are associated with the timelines (included in Annexure B);

1. The timelines are reasonable and cater for the various approvals required during the progressive stages.
2. Where approvals may be problematic, and as far as possible, the JDA must assist in obtaining such approvals, if the programme is to be met.
3. The procurement policy, must as far as possible, be reasonably relaxed to cater for a multiplicity of contractors to work on the same project, due to the tight timeframes and deadlines.
4. The EIA process is out of the infrastructure consultants control, however dedicated and direct pressure from the City will assist this process.
5. The EIA process takes 9-10 months to approval and such a time period is critical to ensure that the remaining time is sufficient to complete the implementation stage in a reasonable manner. Much of the project administration (design and tender process activities) work needs to be done on risk, prior to EIA approval.
6. Many projects are planned to be simultaneously executed.
7. Commitment and dedication is required from the JDA.
8. Eskom may take a long time to provide a 11kV substation (this has to be carefully monitored) and will require a suitable location to build the substation on the precinct.

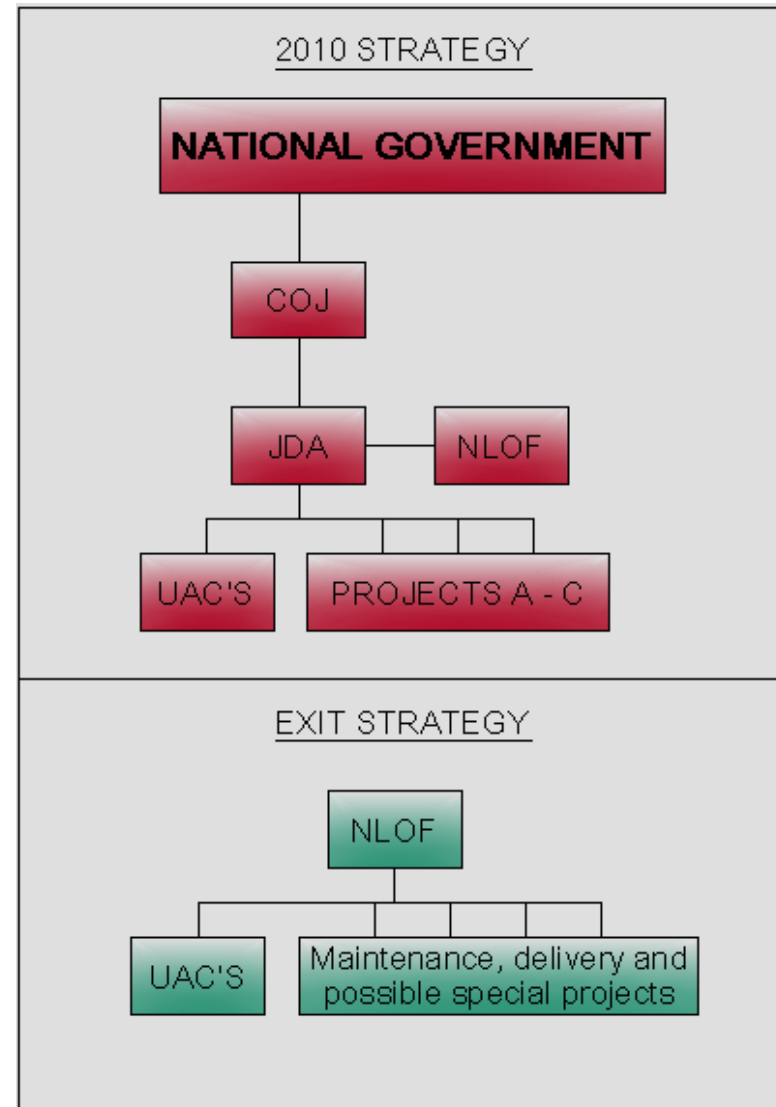
SECTION D

7. INSTITUTIONAL MANAGEMENT ARRANGEMENTS FOR THE DEVELOPMENT

It has been illustrated in the various socio economic interactions undertaken during the preparation of the urban design framework that Nasrec remains an “incidental” node in the minds of residents, proprietors, government officials alike. It is not too different from the perceptions that now blight the Johannesburg CBD after business flight in the early 1980’s. However, it is clear that through a careful intervention plan the CBD is showing signs of residential and general occupancy revival. The secret it appears is that a small, focussed group of committed entities and individuals charted the recovery course for the CBD. A similar strategy is recommended for Nasrec.

The Nasrec Management Company should be incorporated immediately. Founding shareholders must include NLOF, local and national government and key community stakeholder representatives. This company must be charged with ownership of the development process using 2010 Soccer World Cup as its catalyst, but realising 2030 sustainable city strategies in the process.

A possible management structure maybe:-



Thus the **project rollout strategy** has been structured such that the phased project and sub-project rollout does the following in chronological sequence:

1. ***Opens the Nasrec development site with respect to accessibility and mobility to suit present and FIFA/2010 Soccer World Cup needs;***
2. ***Improvements made to the Built Environment (by new roads and services upgraded, etc to accommodate for this world sporting event) lead to increase in Land Values within the development and surrounding commercial, industrial and residential areas will be expected;***
3. ***The incremental project rollout consolidates the long term sustainability of the development;***
4. ***The above 3 strategies economically stimulates the attraction of Private Sector Developer market to Nasrec. An attractive Marketing Strategy will be key to the successful take-up of this development.***
5. ***The formation of a NMC comprising of Landowners and Stakeholders ensure the long term operational management and hence sustainability of the development.***

In summary, two structures are proposed, namely:

1. With JDA as implementing agent
2. Without JDA and with the NMC, operating the precinct after all development has taken place. NMC will take over the management of the precinct.

The JDA will cover the following in realising the UDF:-

- Marketing and branding
- Getting the land ready for release in terms of the UDF
- Complete the planning approvals required to procure the land
- Arrange the necessary funding required to manufacture the land.
- Coordinate, integrate and manage the various processes
- Deliver the land manufacture projects

The NMC's key functions will be to:-

- Provide high level guidance
- Implement a viable but aggressive marketing programme for immediate national awareness
- Liaise with all key stakeholders regularly on the operating of the precinct

- Maintain and sustain the node
- Provide additional services and agreement with the UACs.

While all of the planning and facilities are being considered it is recommended that, this NMC be immediately incorporated and a business strategy drafted and implemented even before all funding for the overall business plan is in place. In that instance marketing studies and even some of the detailed design for infrastructure can be fast tracked towards meeting some of the local big event and FIFA 2010 milestones.

SECTION E

8. THE OPERATING PLAN

The UDFP sets up the infrastructure to host world class events. It is not only the 2010 Soccer World Cup event that is most important (although this event is the catalyst in implementing the UDFP through additional funds availability), but the long term sustainability of the Nasrec precinct through the greater upgrading proposals.

The premise of Nasrec FNB Stadium being The Main Official Stadium (opening and closing games and Media / Communications Centre Hub for the 2010 Soccer World Cup), determines the programme for Nasrec. The present economic climate thus renders the timing of this development to be perfect.

The success of this development is latched tightly onto the effective decision making and infrastructure delivery mechanisms that have to be in place. It is recommended that projects and sub-projects run concurrently based on a sound Strategic Implementation Plan. The uncompromising timelines are for Phase 1 Implementation to commence 1st August 2005 till June 2007 and Phase 2 to commence July 2008 to December 2009 (for Football International Federation Association – FIFA) approval of South Africa's infrastructural competence to accommodate the 2010 Soccer World Cup.

The socioeconomic studies undertaken during Stage 1 of the Development Process, have already proved the need and viability for this development.

Thus the ***project rollout strategy*** has been structured to achieve the following:

1. Opens the Nasrec development site with respect to accessibility and mobility to suit present local large events and FIFA/2010 Soccer World Cup needs;
2. Improvements made to the built environment (by new roads and services upgraded, etc to accommodate for this world sporting event lead to increase in land values within the development and surrounding commercial, industrial and residential areas will be expected;
3. The incremental project rollout consolidates the long term sustainability of the development;
4. The above 3 strategies economically stimulates the attraction of Private Sector Investors to Nasrec. An aggressive marketing strategy will be key to the successful take-up of this development.
5. The formation of the NMC comprising of landowners and stakeholders ensure the long term operational management and hence sustainability of the development.

9. OUTPUTS AND OUTCOMES

The above cluster strategy (as depicted in Figure 3.4) that drives the implementation plan is key to the sustainable medium and long term success of this development.

The strategy embraces benefits to society and local community, economic sustainability and upliftment for the region not only in land value but also in business conditions and social status – lifestyle. It would also provide for a positive growth environment for development of young entrepreneurial SMME organisations and inspire young minds toward taking advantage of future career opportunities for and post the 2010 Soccer World Cup and other international hosted events.

9.1 Outputs

9.1.1 Job Creation, BEE and SMME

The economic and property studies undertaken taken in Stage 1 have revealed that the adjoining Southern areas of Johannesburg have a large component of unemployment and effectively makes the area an incubator for SMME entry and a growth point for new jobs.

Based on statistics provided by JDA of 1 temporary job = full time employment for 1 person for 6 months where 8 temporary jobs are created per R1 million total development expenditure. Hence it is anticipated that, based on Infrastructural Capital Project Rollout expenditure stated within Financial Model the following Job creation figures may be expected:

Phase 1:	2281 jobs
Phase 2:	2006 jobs
TOTAL:	4287 jobs (temporary)

Where appropriate and applicable, the country's BEE legislation will be strictly adhered to in the delivery of the infrastructure and other services during construction and operation of the NMC.

Due to the various potential land uses and business mixes, it is not possible to estimate the expected number of permanent jobs at this stage.

9.1.2 Community Facilities

Community Facilities will play an important part in the development integration with regional social and economic demographics for the long term sustainability of the development.

The stakeholder assessments have proved that there is a high demand for community facilities such as sport, golf, Expo, recreation, education, clinics and emergency services. The development has accommodated for these within the Urban Design Framework of Nasrec. Importantly Nasrec will achieve a mixed use plan catering for sustainable activity beyond the large events alone.

9.1.3 Urban Fabric is enhanced

The UDFP and its associated investment attractions will enhance the area through the “knitting” together of the urban fabric in this Southern Development Corridor.

9.1.4 Housing delivery

As clarified in the design framework recent residential developments have taken place in surrounding suburbs and demand is buoyant fuelled by professionals and blue collar employees moving out of some of the overcrowded township areas. However it is clear that a careful approach needs to be adopted to ensure an appropriate mix between the commercial, Soccer, Golf, Expo, recreation, residential and social components is achieved.

The accommodation for events also needs to be supplied.

9.1.5 Economic Empowerment

South Africa's past apartheid policies created dormitory black townships south and south west of Johannesburg where currently approximately 3 million including many impoverished people reside. Without adequate transport and services these people normally have to commute great distances to and from work and other amenities. The creation of a viable Nasrec node will be one more new opportunity to knit these communities closer to possible work opportunity apart from serving as a corridor stimulant to link the rich north with the poor south. Consequently it will be entrenched within the business plans for land, businesses, services and other opportunities at Nasrec that the regulations within the BBBee Act and the other preferential procurement laws (BR/YN to check) will be followed in all procurement activities. Indeed existing services and businesses will be encouraged to partner and create sustainable future entities to access the sporting, golf, recreational and expo developments. Importantly, employment opportunities for locals will be created.

9.1.6 Public Transport facilities

The major output from the UDFP is the Public Transport Hub which will integrate the rail, bus, mini-bus taxi and private car in one area centred on the Nasrec rail station. These facilities together with the planned extension of the rail line to the west onto the Kliptown line will allow the southern western corridor commuters the potential to catch a train to work in the Nasrec area or interchange onto another mode of transport to be fed to employment places further a field. The facilities open up enormous potential in terms of transporting workers commuting to work.

Secondly, the events can be served by Public Transport mode instead of currently with Private transport mode. Through park and ride systems and Gautrain, event patrons can travel by train or road based public transport which is a vast improvement to the current huge traffic congestion that currently takes place.

9.1.7 Road network completion and road upgrading

It has been stated before that the road infrastructure is severely lacking in the Nasrec area. The road proposals complete the road network that should have taken place earlier. With the focus on the Nasrec node as a development initiative, the road network will encourage investment in that the accessibility and function road based traffic system will add value to the properties and the associated businesses that will trade on them.

9.1.8 Parking

The further provision of parking on land not suitable for development will attract more activity in the area.

9.2 Outcomes

The positive stimulus of the International Event centre supported by the dynamic Public Transport Hub, makes for an active Node of economic activity, not only for events but for the daily tourism and local community economic viability.

The uplifting development would spur an opportunity for increase in property tax levels in Nasrec and hence a long term return to Public funding used in Capital invested.

The vast open spaces of land will definitely be used up hence per capita occupation of vacant land space would increase for commercial upliftment.

It is a known fact in a world today that the pride of having quality built environment and in addition world class sporting facilities, will definitely influence business confidence in the area. Major business organisations thrive on their association with sport and use this as an opportunity to be “best placed” in securing loyalty to patriotic national supporters.

Park and Ride (new and existing) areas are planned to be integrated into the operational system.

The main beneficiaries are expected to be:

- The surrounding community as vacant land is developed and maintained
- Soccer City whose infrastructure will be upgraded
- The Expo centre whose infrastructure will be connected to the stadium via the Pedestrian Mall
- The surrounding land owners through added value

- The commuters both public and private transportation by the availability of a completed rail and road network system.
- The stadium’s patrons when watching large events / matches
- The commercial sector who can start new businesses in the node
- The Soccer City, Expo Centre and Crown Mines Golf Course will attract a greater number of people and activities.
- The unemployed who have the opportunity of finding work
- The City who will can support another successful node.
- The International community through the hosting of International sports and other events.
- Sport, which will have an upgraded venue in which to compete, especially with regard to improved accessibility to world-class venues.
- The CoJ who will receive rates and taxes.
- The country, through increased GDP creation and SARS through increased income tax revenue collection

10. LAND MATTERS

This section relates mainly to two aspects, namely:

- 1) Acquisition of land required to implement the needed infrastructure and
- 2) The manufacturing of land (implementation of engineering services)

10.1 Development planning implications

Figure 2.3 in the UDF report, depicts the land ownership at a high level. The majority of the land to be developed falls on DPW owned land with a small amount on iProp owned land between the railway line and Stadium Drive.

10.2 Facilitation and agency proposals

The JDA will negotiate with the private landowners where necessary in acquiring land.

The JDA will propose to DPW to facilitate the releasing of public land for

3. sale as is or
4. to develop, by manufacturing the land for resale.

10.3 Roll out plan

The acquiring of land is the most immediate task in the roll out process and should be started as soon as possible in terms of the preferred roll out process.

10.4 Programms

The land acquisition programme is planned to take 12 months starting 1 August 2005.

10.5 Identified land required for development

Refer to Table 10.1 for a preliminary assessment.

Table 10.1: Area of land required for infrastructure.

Zone	Proposed activity	Basket of rights	Area of land required for infrastructure (m ²)
01	Soccer City	Agricultural	In place
02	Transport Hub	Agricultural / Light Industrial	12 Ha
03	Expo Centre	Light Industrial	In place
04	Mixed use High Street	Agricultural	35 Ha
05	Residential	Agricultural	25 Ha
06	Golf Course	Agricultural	In place
07	Events Supply Park	Agricultural	In place

10.6 Town Planning matters

The following town planning process is proposed to be executed in this business plan.

10.6.1 Land status investigation

At the outset, the current situation regarding the status of the land for the whole Nasrec area should be undertaken including:

- Physical, social and economic considerations of the land and its surrounds
- Land and other associated ownerships, township status, land use and mining rights, title deeds, servitudes and conditions, geotechnical conditions
- Bulk services and other infrastructure availability and required, services alignments

An extensive amount of information already exists and needs to be compiled and structured into a useful knowledge base for the preparation of the planning applications. Where information does not exist, this will have to be acquired and collected. An estimate of time for this would be up to 6 months.

10.6.2 Planning applications and land delivery process

Specific identified developments or projects or generic land use requirements will require appropriate planning rights to be established or possibly modified. Individual planning applications will therefore need to be prepared based on the land status investigations and specific market and project requirements as they are identified and the interest and involvement of developers and investors is secured.

These applications and their respective motivations can be based on UDF which has now received approval from Johannesburg and should have been incorporated into the Regional Spatial Development Framework for Region 9.

Depending on the land and township status and the rights required, the planning application could include any one or more of possible applications such as for consent use, rezoning, subdivision, land development area or township.

Applications could need to be submitted in terms of one or more legislative processes including:

- Applications in terms of the Johannesburg Town Planning Scheme are used for relatively simple and minor issues such as consent uses; or
- Applications can be submitted using the Townships and Town Planning Ordinance (1986) to establish townships and undertake rezonings. These are usually undertaken through Johannesburg Municipality. For prompt attention and swift approval processes, this will require Johannesburg Municipality's commitment to speedy delivery of the required approvals;
- An alternative route for timeous approvals is through the submission of land development applications in terms of the Development Facilitation Act (1995) (DFA).

Subject to the type of application and the route selected for the application, this process could take between 12 and 24 months for each application.

It is recommended that a town planning firm which has an understanding of mining land in the area be engaged to undertake the required applications (possible suitable firms can be identified and recommended by iProp).

10.6.3 Engineering services and associated costs

Planning and design of the specific and required external or bulk and internal engineering services for the land area under application is undertaken in conjunction with the preparation of the planning application. The appropriate services guarantees or agreements also incorporated into the chosen land delivery process.

Where required, detailed traffic engineering reports, based on the UDF and including public transportation issues, will also have to be prepared as part of the planning applications.

The developmental and bulk contribution costs associated with the roads and services for the land application will be determined for each land application and will be determined by the rights being applied for.

10.6.4 Environmental approvals

It is suggested that a Strategic Environmental Assessment (SEA) be retained to include the land development proposals, major infrastructure and services to be established as set out in the UDF.

Individual Environmental Impact Assessments (EIA) as required for each application can then be prepared based on the SEA. The need for the required EIAs can be determined from the land status investigation, land and infrastructure development proposals and town planning rights required.

Substantive stakeholder engagement should be undertaken with the key role-players who are interested and affected by each separate application. This is essential to identify specific and relevant issues and resources for the

preparation of the detailed development application proposals and associated EIAs.

It should be recognised that the slimes dam has an Environmental Management Plan (EMP) that is under separate legislation and therefore authority for monitoring and management. The monitoring, management and enforcement of compliance to national legislation governing the mining operations is the responsibility of the Department of Minerals and Energy.

For the land development applications, reference will be required to the approved Environmental Management Plan (EMP) as required in terms of the Mineral and Petroleum Resources Development Act (Act 28 of 2002). Furthermore, any development taking place in the vicinity of any mining or quarry operations is to comply with the approved EMP for the operation and take cognizance of the mining operation plan as contained in the EMP and the associated mitigation and management measures.

In addition, the erection or construction of any buildings, roads, railways, or any structure within a horizontal distance of 100 metres from the workings of the mine or quarry shall have to comply with all the requirements and obligations of the Mine Health and Safety Act (Act 29 of 1996) and the associated Mine Health and Safety regulations.

11. PROJECTS

11.1 Overall approach

The required projects have been divided into Development Phase 1 and Phase 2 as per the development feasibility report. Precinct planning is however required before both these stages which entails the overall preparation of implementing the required infrastructure.

This section depicts the infrastructural planning and implementation components as Group projects, projects, sub-projects and components thereof. Some of the components have been grouped under the key professional discipline.

The costs described in the development feasibility report are brought forward to be described in this business plan in more detail as per the project grouping.

The summarised list of projects is shown previously under section 2.4

11.1.1 Group Project A : Precinct Planning

This is the planning required for the catalytic projects in Phase 1 and 2.

This project comprises sourcing of implementation funds, land acquisition and planning, SMME and BEE policy and stakeholder management, Town planning, Engineering application services, Urban design and architectural services, land-scaping policy, institutional management and NMC development.

11.1.2 Group Project B : Nasrec development Phase 1

These are the minimum catalytic infrastructure projects required to stage the month end events including the 2010 Soccer World Cup operating satisfactory and to leverage private sector investment.

This group project consists of implementing Phase 1 of the node including the roads and bulk services installations, public transport and infrastructure implementation and parking facilities. These are critical projects related to infrastructure.

11.1.3 Group Project C : Nasrec development Phase 2

This phase includes the achievement of long term sustainability for the delivery of infrastructure projects.

This stage's projects include the High Street infrastructure and the infrastructure for the residential / commercial areas. This land will be sold to the developer and the JDA will initiate the land release. These are less critical projects related to infrastructure.

11.2 Priorities plan

The following priorities plan is tabled:

TABLE 11.1: NASREC INFRASTRUCTURE DEVELOPMENT IMPLEMENTATION PLAN IN ORDER OF PRIORITY AND STRATEGY

PROJECT No.	PHASE No.	PRIMARY INFRASTRUCTURE PROJECT DESCRIPTION AS PER UDF & DFS	PROJECT ROLL-OUT PLAN (Implemented in parallel)	Cost (Rand) ('1000)
Project 1	1	1. Soweto On and Off 2. Golden Highway (single carriageway) 3. Extension of Landbou Road to Golden Highway	<u>A0. Marketing of the Entire Development:</u> Develop Marketing Strategy Phases 1 and 2	750
			Implement Marketing Strategy - Phase 1	750
			<u>A1. Financial Mgt and Funding Options [JDA]</u>	JDA
			<u>A2. Land Acquisition - JDA (Phase 1 and 2):</u> Property Market analysis Land Release Strategy Land Acquisition - Phase 1 then 2 Legal (Negotiations, Contracts, etc)	59,000
			<u>A3. SMME & BEE Policy and Stakeholder Mgt</u>	1,108
			<u>A4. Town Planning [To Be Tendered]:</u> Land Survey - Phase 1 and 2	148
			Traffic Modelling, Street level study, prioritization, and operational management plan	739
			EIA	295
			Legal	148
			Township Allocations	148
Geotechnical	221			

PROJECT No.	PHASE No.	PRIMARY INFRASTRUCTURE PROJECT DESCRIPTION AS PER UDF & DFS	PROJECT ROLL-OUT PLAN (Implemented in parallel)	Cost (Rand)
			A6. Urban Design / Architecture & Street + Land Scaping Design	Optional
			Phase 1 Design & Installation of Street Furniture for Marketing - A0 linked	Included above
			- <u>B1-5 Land Scaping + Parking Zone 7</u>	5,000
			<u>A5. Engineering Planning, Design, Tender and Construction [BR]</u> B1-6 Civil Works (Bulk Services - Water, Sewer)	Included
			Roads	
			B1-1 Golden Highway Extension (GHE)	54,400
			B1-2 Extension of Landbou Rd to GHE	4,400
			B1-3 Soweto on & off ramps	22,100
			B1-7 Electrical Power Supply - Phase 1	22,100
			B1-8 Internal Electrical Reticulation	28,100
			Quantity Surveying and Infrastructure Cost Management	Included
			B3-4 Pedestrian Walkways - Branding Implementation	50,000
			<u>A7. Institutional Management - NMC development - JDA</u>	370
TOTAL				249,777

PROJECT No.	PHASE No.	PRIMARY INFRASTRUCTURE PROJECT DESCRIPTION AS PER UDF & DFS	PROJECT ROLL-OUT PLAN (Implemented in parallel)	Cost (Rand)
Project 2	1	1. Pedestrian Bridge 2. Public Transport Hub / Interchange	1. <u>Engineering Planning, Design, Tender and Construction</u>	
			B2-3 Pedestrian Mall	42,200
			B2-4 Pedestrian Bridge - Zone 2	7,000
			B2-5 Civil Works	1330
			B2-2 Internal Roads	7,000
			B2-8 Building Works	Optional
			B2-7 Electrical Power Supply - Phase 2 Substation (From the north)	81,300
			B2-1 PT Hub	74,000
			B1-5 Land Scaping + Parking Zone 7	5,000
TOTAL				217,830
Project 3	1	Parking areas (Balance of Zone 7)	1. <u>Engineering Planning, Design, Tender and Construction</u>	
			B3-1 Civil Works	4,700
			B3-2 Land Scaping	5,000
			B3-3 Pedestrian Walkways	31,300
TOTAL				41,000
Project 4	1	High Street Square	1. <u>Engineering Planning, Design, Tender</u>	

PROJECT No.	PHASE No.	PRIMARY INFRASTRUCTURE PROJECT DESCRIPTION AS PER UDF & DFS	PROJECT ROLL-OUT PLAN (Implemented in parallel)	
			<u>Construction</u> - C1-1 High Street Square C1-2 Nasrec Road Upgrade	4,400 11,600
			C1-3 Land Scaping	8,300
		Nasrec Road Upgrade	C1-4 Civil Works C1-5 Pedestrian Walkways	3,300 91,000
TOTAL				118,600
Project 5	2	Residential Streets and Services Community Sites and related developments Monorail (Zone 5)	<u>1. Engineering Planning, Design, Tender and Construction</u> C2-1 Civil & Electrical Works C2-2 Roadside Parking <u>2. Urban Design / Architecture & Street + Land Scaping</u>	76,400 8,300
TOTAL				84,700
Project 6	2		B1-4 M2 West Extension	195,200
TOTAL				195,200
TOTAL				907,107

11.3 Phase 1 – August 2005 to June 2007

11.3.1 Objectives

The objectives of this stage is to ***coordinate and integrate the business growth and development of*** the:

- Upgrading and completion of the Nasrec nodal infrastructure to facilitate private or possibly public investors to make an attractive return on their capital
- Upgrading the Soccer City public precinct around the Stadium and its associated infrastructure and operations to a standard acceptable for the 2010 Soccer World Cup (FIFA).
- Provision of a vibrant node in which new work and business opportunities will be provided.
- Provision of a vastly upgraded Public Transport system allowing commuters a new mode of transport in which travel to work, shop and entertainment.
- Upgrading of the Expo Centre to attract international events

11.3.2 Process

The proposed process is focused along normal development processes for each project including:

- The Government, City of Johannesburg and the JDA will seek funding and control the full process

- Formation of a Nasrec Management Company (NMC) to manage the process beyond the implementation phases
- Sourcing of project funds
- Concept layouts
- Marketing
- Legal contract procurement
- Professional team appointments
- Provision of infrastructure
- Handover to the NMC, UACs or other relevant end users.

11.3.3 Proposed projects

In this Development phase, three projects and 19 subprojects are described in detail in Annexure A. They include Road and bulk services infrastructure, public transport facilities and parking facilities.

11.3.4 Factsheets

The factsheets included in Annexure A contain the descriptive nature of the project, motivation, implementation institution, current status, infrastructure needs, programme, preliminary budget and funding source.

11.3.5 Phasing

In this business plan, there are two main phases, the first starting in August 2005 and ending in June 2006. Further subphases are possible depending on the availability of funds.

11.3.6 Time lines

The timelines for all the projects is contained in Annexure B, including projects, subprojects and components thereto.

The total time allocated for this phase is 35 months, from 1 August 2005 to end June 2008.

Project timelines have been drawn up with the constraint that Phase 1 must be completed by the end of June 2008 and Phase 2 by December 2009

It is essential to note that the EIA's record of decision and the town planning approvals are required before construction can start. This period has been assumed to take 10 months assuming no appeal processes.

11.3.7 Costs

The total cost summary is contained in Table 11.1 which shows the projects, construction cost, contingency, escalation, professional fees, VAT, total cost, duration (months), start and end dates.

The total cost for Development Phase 1 is R 925,0 million over 35 months

11.4 Phase 2 – July 2008 to December 2009

11.4.1 Objectives

- Land release programme from the Department of Public Works
- Integrating the bulk contributions paid with the exception of some roads needs.
- Integrate the existing functions with the Golf Course so as to complete the urban fabric of this section of the southern corridor

- Provide residential development at an appropriate level
- Provide commercial development in an appropriate manner.
- Provide a Market Square for the benefit of the community
- Change Nasrec Road into a High Street type Road for the benefit of the community

11.4.2 Process

The JDA will continue its development function in continuing to implement the land on the eastern and central sides of the node.

11.4.3 Proposed projects

In this Development phase, two projects and 8 subprojects are described in detail in Annexure A. They include road and township services infrastructure, a market square, a high street, walkways and landscaping, roadside parking and a monorail (should the NMC approve of such a project).

11.4.4 Factsheets

The factsheets included in Annexure A contain the descriptive nature of the project, motivation, implementation institution, current status, infrastructure needs, programme, preliminary budget and funding source.

11.4.5 Phasing

In this phase, the starting date is July 2008 ending in December 2009, although depending on the take-up rate, could be ongoing.

Further subphases are possible depending on the availability of funds.

11.4.6 Time lines

The timelines for all the projects are contained in Annexure B, including projects, subprojects and components thereto.

The total time allocated for this phase is 18 months, from 1 July 2008 to end December 2009.

11.4.7 Costs

The total cost summary is contained in Table 11.1 which shows the projects, construction cost, contingency, escalation, professional fees, VAT, total cost, duration (months), start and end dates.

The total cost for Development Phase 2 is R 202,9 million over 18 months

11.5 Summary

In summary, the following is proposed

Development Phase 1 – August 2005 to June 2007 requiring R882,5 million to build the roads and bulk services, public transport facilities, and parking facilities.

Development Phase 2 – July 2008 to December 2009 requires R169,9 million to build the High Street infrastructure and residential townships.

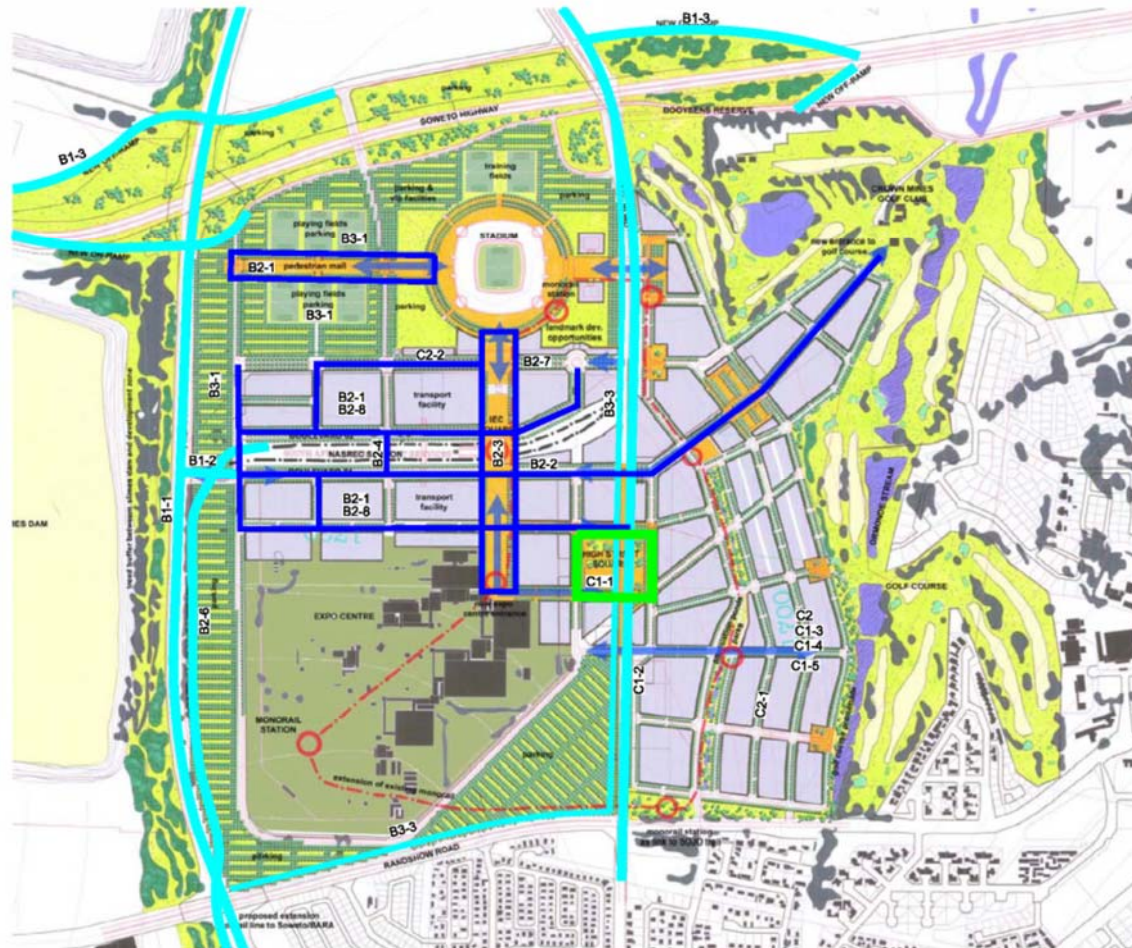


Fig 12.1 Index of major projects

TABLE - Development Infrastructure Plan (.xls)

12. FINANCIALS

12.1 Development Costs

The total development costs can be summarised as follows:

TABLE 12.1: Development cost estimate

No	Cost item	Amount (2005 R million)
1	Construction costs	625
2	Contingency and escalation	145
3	Professional and development fees	155
4	Development management fee	Included
5	VAT	130
	Subtotal – Phase 1	925
6	Construction costs	123
7	Contingency and escalation	35
8	Professional and development fees	34
9	Development management fee	Included
10	VAT	28
	Subtotal – Phase 2	203
	TOTAL	1128

12.2 Cashflow and budgets

The following summarises the budget required to carry out the two development phases.

TABLE 12.2 Development budget estimate

Quarter	Budget item	Amount (2005 R million)
1	August to September 2005.	30
2	October to December 2005.	60
3	January to March 2006	100
4	April to June 2006	100
	Subtotal for 2005/2006	290
5	July to September 2006.	120
6	October to December 2006.	120
7	January to March 2007	120
8	April to June 2007	100
	Subtotal for 2006/2007	460
9	July to September 2007.	100
10	October to December 2007.	100
11	January to March 2008	91
12	April to June 2008	87
	Subtotal for 2007/2008	378
	TOTAL	1128

12.3 Sources of Funding

Currently the JDA are pursuing a number of funding avenues, described below.

12.3.1 City of Johannesburg – Treasury

JDA have been granted R 15 million in this 2005 / 2006 financial year for the implementation of projects

12.3.2 Public Sector (Outside CoJ)

The only source of Treasury funding that has been made known to the JDA is from the NDOT who have requested a budget from the CoJ for public transport projects relating to the 2010 Soccer World Cup. PD Naidoo & Associates prepared a short report and included the Soweto ramps, Public Transport Hub on the northern side only, internal roads, pedestrian mall and associated walkways. The total budget submitted to NDOT was R 318,7 million, Refer to Figure 12.1 for the layout relating to the funding proposal.

An application from the National Department of Transport (NDOT) for R1,7 billion for the 2010 Soccer World Cup sourced from Finance and Economic Affairs, has been made for the Nasrec link rail line.

The expanded Public Works programme could also be a source. However, no funds are currently available.

The problem is spending public money on private land. This problem needs to be addressed.

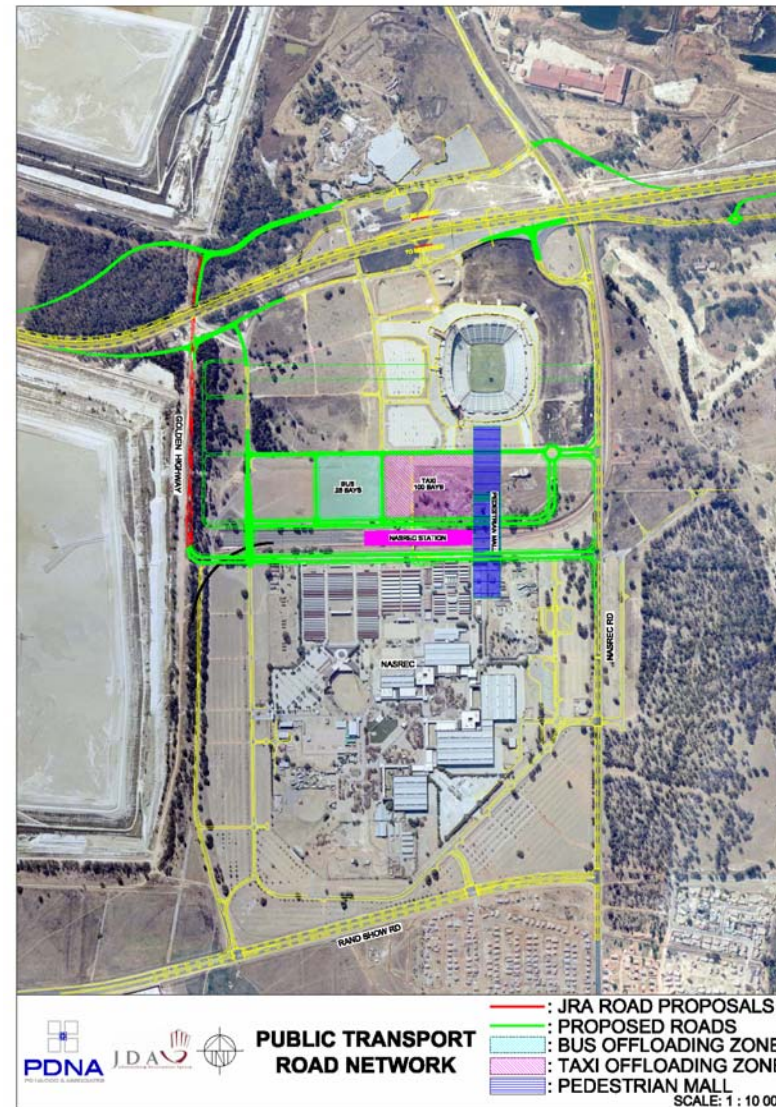


Fig 12.2 Public Transport Road Network

12.3.3 Semi-Public Sector (Government Parastatal)

The DBSA and IDC appear to be opportunities for external funding.

12.3.4 Private Sector

A fund raising process will be started shortly in order to raise funds for capital as well as operational budgets.

12.3.5 Donors

Big business could be a possibility. The sponsorship of events, billboard advertising (of which 10 board positions have been identified) as well as other donation type funding have previously been used at Soccer City and are likely to form part of the funding source in the future.

12.4 Funding options

Four funding options have been identified, namely

- Option 1 – Conventional
- Option 2 – iProp/Andrew
- Option 3 – Bank route
- Option 4 – Land release option
- Option 5 – Combination of the above

Option 1 – Conventional

In this case, finance is raised based on seed capital and expected rate of return. The infrastructure is constructed and the land sold off to cover the costs and realise a gain. This method introduces a large time lag between spending and revenue, which creates cash flow problems. However, in the case of government spending this is a typical approach.

Option 2 – Off setting of external contributions

The payment of the external engineering contributions to the Municipality is replaced by the payment to the contractor, for projects of community benefit. In this way the infrastructure funding requirements are substantially reduced. However, based on recent discussions with the Municipality, the Municipal Funding Act may prevent such an option from being realised, due to legal problems associated with this process.

Option 3 – Bank route

In this case, after the planning and rights have been approved, the bank steps in to finance the installation of the infrastructure for an equity stake in the development. This method allows the bank to absorb much of the financial risk for a stake in the gains.

Option 4 – Land release option

In this option the land is released by the owner for no or little cost, which in effect is a donation.

Option 5 – Combination of the above

In addition to the combination, mezzanine finance is also possible to top up the difference between the acceptable finance percentage (eg 70%) and the outstanding balance (eg 30%). The 70% can grow to 90%. Although the debt percentage increases, the cash flow considerations are normally vastly improved especially for large projects.

12.5 Funding strategy

Based on project cost table in Sect 11, the funding strategy is shown in the Table 12.2 below:

Funding strategy table (.xls)

12.6 NASREC 2005 / 2006 budget proposal

The JDA have been allocated R15 million for the Nasrec project in the 2005/2006 financial year. In terms of this budget, the most pressing projects or part thereof, have been selected for immediate implementation.

As agreed by the Nasrec NLOF, the tabled budget have been prepared for immediate implementation. Figure 12.2 shows the proposed 2005 / 2006 projects.



Fig 12.3 Proposed Budget – Soweto Highway Ramps

Details of the components are contained in Table 12.3 below:

Table 12.4: 2005/2006 budget proposals

No	Item	Amount (R1000)	Proposed budget
1	Pre-funding for the business plan	400	400
2.	Marketing and Branding design	500	500
	Marketing and branding implementation	500	500
3.	Roads		
3.1	Soweto Highway ramps (1,5 kms)	7 000	7 000
3.2	Closure of existing access points	100	100
4.	Walkways		
4.1	Randshow Road	450	0
4.2	Nasrec Road	450	0
4.3	Parking area (west of stadium)	500	0
5.	Pedestrian Bridge – Soweto Highway		
5.1	Closure of bridge (Structurally no change)	100	100
6.	Electrical		
6.1	Phase 1 supply (from the south)	9000	0
6.2	Nasrec Streets lights	500	500
6.3	Walkway lighting	800	0
5.4	Stadium walkway	250	0
7	Specialist transportation studies	500	400
	- Transportation modelling		

	- Transport priorities determination		
	- Transportation street model and operational plan		
8	Billboards (10 off)*	1400	0
9	Fence on Soweto Highway		100
10	Project A - Planning		
	- Town planning		100
	- Environmental (high level) planning		100
	- Geotechnical (high level)		50
	- Land survey		50
	TOTAL		9 900
	Add contingencies @ 10 %		
	Add professional fees @ 15%		
	Development Management fee @ 5%		
	Add VAT @ 14%		
	TOTAL add @ 51,4%		
	BUDGET TOTAL		15 000

* The erection of billboards could be proposed as a separate project as it is revenue producing which normally pays for the capital outlay.

13. IMPACT OF THE Johannesburg 2010 SOCCER WORLD CUP ON THE TRANSPORT PLANNING

13.1 Introduction

As part of the transportation planning for the Soccer World Cup, the NDOT appointed Axios and Arcus Gibb to investigate the transportation requirements for the 2010 Soccer Cup. A presentation of the results were supplied in July 2005 and are addressed in this chapter with respect to the Nasrec node planning.

Four areas stand out as important, namely:

- Nasrec – Soccer City
- Ellis Park – Ellis Park Stadium
- Sandton – Hotels
- JIA – Airport for international visitors

The transportation requirements and estimates for each component were contained in the received information.

The 2010 operational plan is currently being discussed at present.

13.2 CoJ Transport Planning implications

The main finding is that public transport will be the focal transportation system conveying some 70 percent plus spectators to the stadia. The worst case occurs when four games are played in Gauteng on the same (somewhere in the middle of the event).

The SAPS have indicated that a no-vehicle zone of 500 metres around the stadia is required for security reasons.

In Nasrec's case, this means the northern section of the Public Transport Hub and the Nasrec Station would not be able to be used for the 2010 games.

In response to such as request, the following is submitted:

- The legacy of the Public Transport Hub for Nasrec will not be built
- The public transport choice of mode will be extremely difficult to implement.
- The operational plan will require other private land to be made available in order to accommodate the public transport vehicles, especially the 400 buses.

13.3 Recommendation

At this early stage, it is recommended that instead of a 500 meter circle around Soccer City, that a rectangular security zone is made available as shown in Figure 13.1 as follows:

- Soweto Highway in the north
- Nasrec Road in the east
- Stadium Drive in the south
- Golden Highway in the west

This rectangular security zone allows the Public Transport Hub legacy, the 400 buses and the transport operational plan to take place as planned in this business plan and in the CoJ planning.

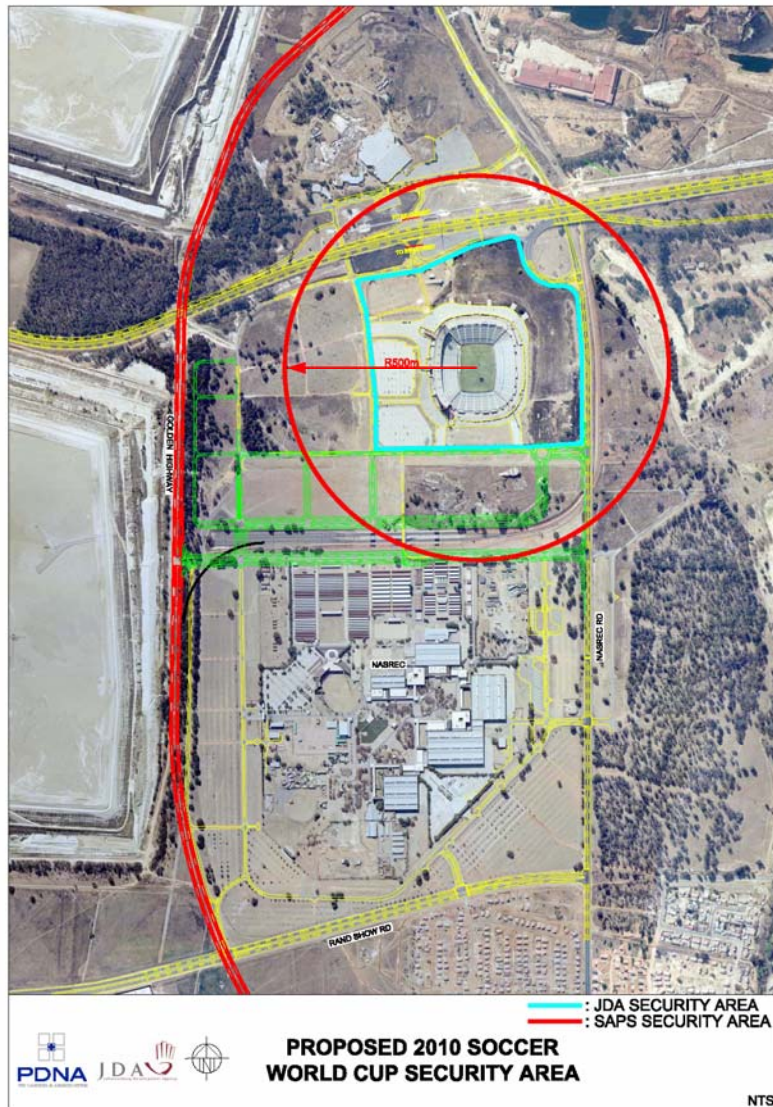


Fig 13.1 Proposed 2010 Soccer World Cup security area for Nasrec (as required by SAPS).