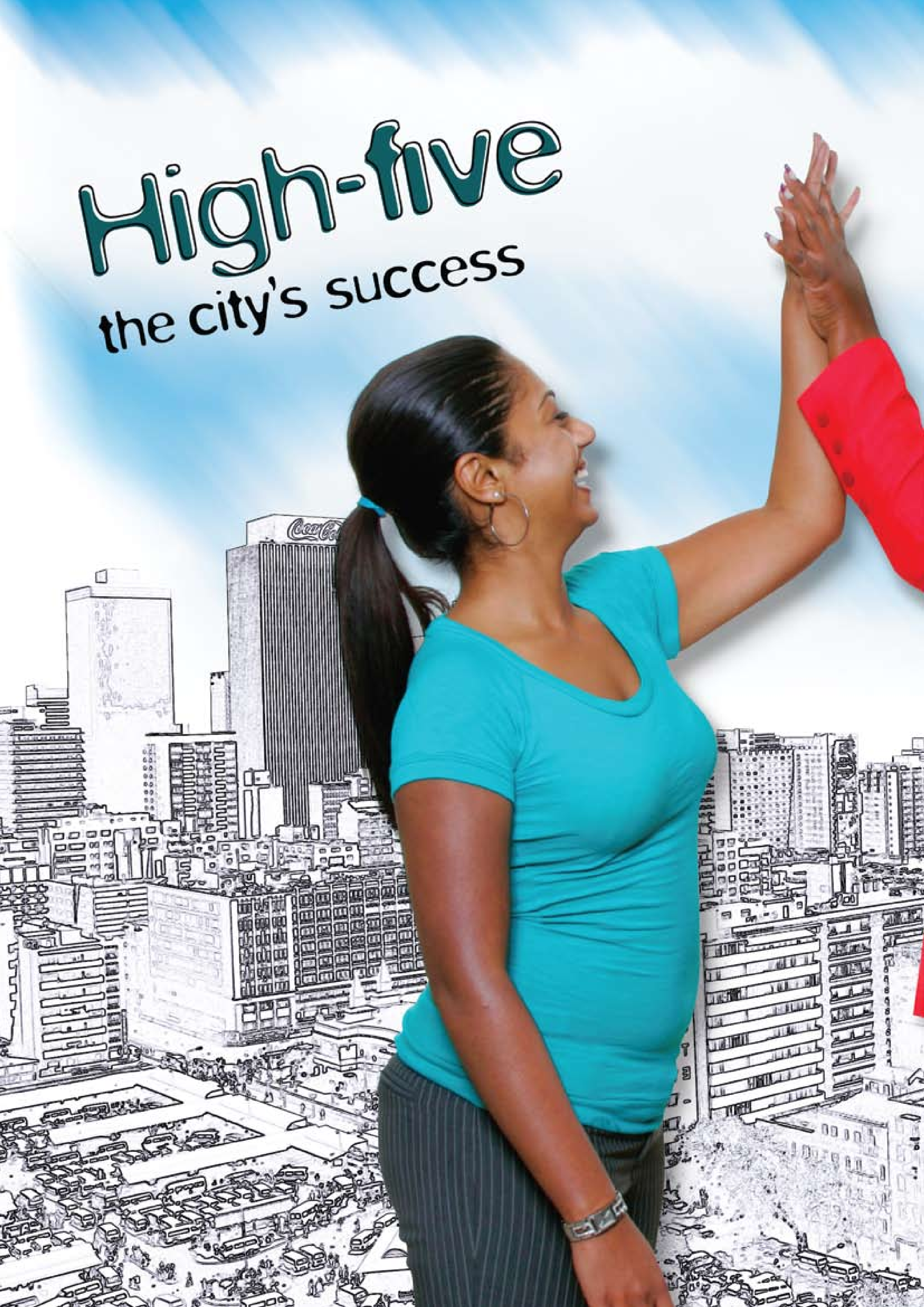
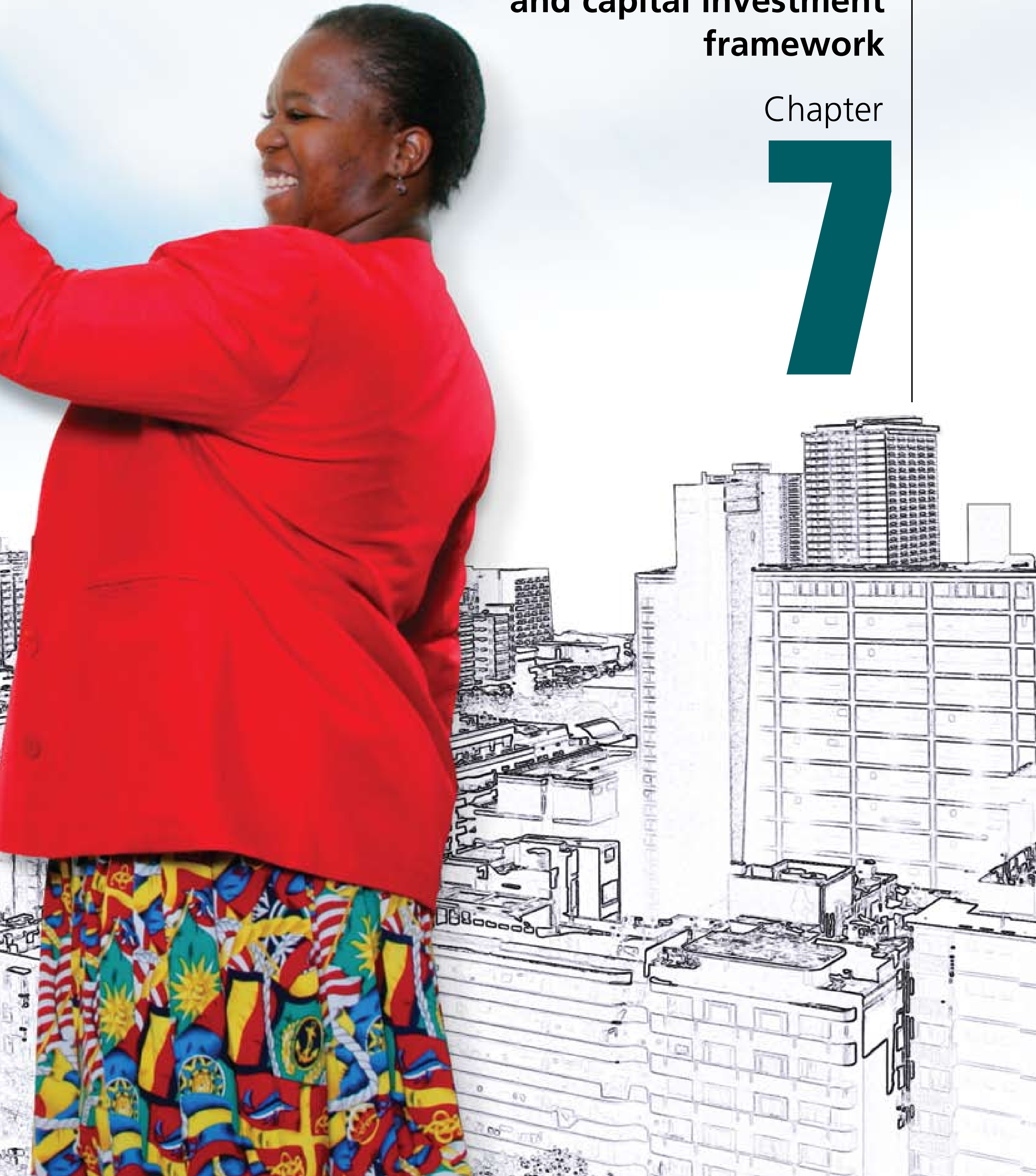
High-five
the city's success



Spatial development framework, growth management strategy and capital investment framework

Chapter

7

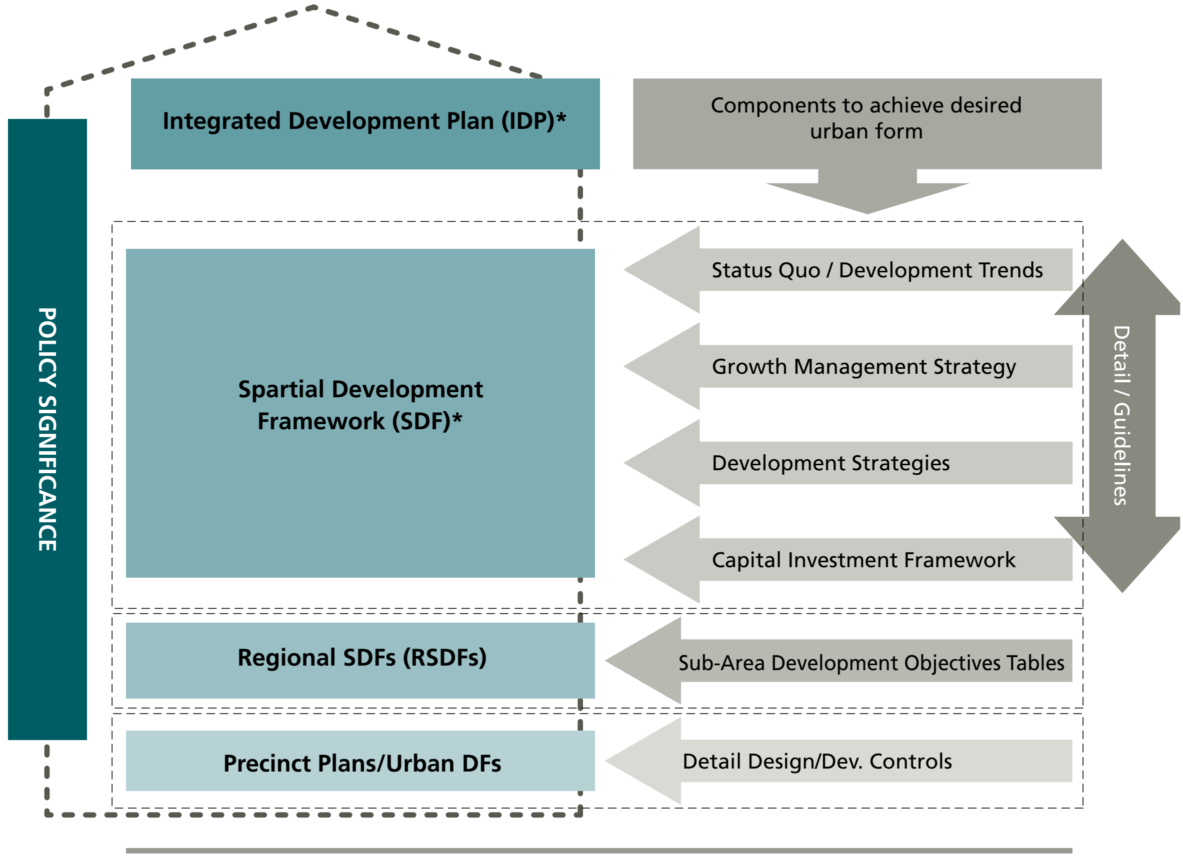


Spatial Development Framework

The Spatial Development Framework (SDF) is the legislated component of the City's IDP that prescribes development strategies and policy guidelines to restructure and re-engineer the City's urban form. Underpinning the SDF is a series of policies that guide its implementation:

- The Growth Management Strategy (GMS) is a city-wide policy that determines where, and under what conditions, growth can be accommodated, in order to achieve the desired urban form presented in the SDF.
- The Regional Spatial Development Frameworks (RSDFs) and associated urban development frameworks and precinct plans provide an area-specific interpretation of the SDF and GMS at the sub-regional level. The Department of Development Planning and Urban Management refers to these policies to assess development applications received by the City. This provides guidance to move towards the achievement of a desired urban form for the City.
- The Capital Investment Framework (CIF), through the application of the strategies and guidelines of the SDF and GMS, is the framework by which the City identifies and prioritises capital projects from which the medium-term capital budget for the City is finalised and captured in the IDP and annual budget.

Figure 7.1: The inter-relationships between the SDF, the IDP and other policy components and documents



SDF Principles

The SDF seeks the creation of a sustainable urban environment that is efficient and facilitates access to urban opportunities. The manner in which the City interprets these principles, in the context of the SDF, is outlined in Table 7.1 below.

Table 7.1: Desired outcomes through the application of SDF principles

Principle	Outcomes
Sustainability	• Responsible use of the City's natural resources; • A sustainable rates base and financial model; • Safe and secure urban environments through safety and design principles; • Protection and conservation of the City's cultural heritage; and • Sustainable economic growth and job creation.

Principle	Outcomes
Efficiency.	An efficient and robust urban form and structure: • Managed growth facilitated within the constraints of infrastructure provision; and • An open space system that is city-wide in extent and interconnected.
Accessibility.	Facilitating physical access to opportunities for all communities and citizens: • Diversity of opportunities, e.g. economic, social and institutional, afforded by the City; and • All modes of transport supporting good access to opportunities.

Chapter 7

SDF Strategies

The development principles of the SDF are applied to seven development strategies. The strategies address alternative outcomes where undesirable urban trends occur in the City. The strategies are outlined in relation to the strategies and the respective tables, in the information discussed below.

Strategy 1: Supporting an efficient movement system

Table 7.2: Movement systems

Past trends	SDF desired urban form	Progress to date to support desired urban form
• Developments designed for private vehicles; • Inefficient public transport; • Hierarchical road network with numerous unconnected roads, loops and dead-ends; and • Mobility of arterials compromised.	• Multi-modal transportation and land use patterns that support public transport and pedestrian movement; and • Focusing development (especially higher density residential uses) at existing public transport infrastructure.	• Implementation of the Bus Rapid Transit System (BRT) and associated Land Use and Design Guidelines to support more effective residential densities and intensity of land uses along the trunk routes; • Gautrain stations and associated Land Use and Design Guidelines to support more effective residential densities and intensity of land uses within station precincts; • Existing rail stations; and • Non-motorised Transport (pedestrian and bicycle) Programme.

Strategy 2: Ensuring strong viable nodes

Table 7.3: Nodes (areas of intense economic and social interaction, e.g. Johannesburg central business district)

Past trends	SDF desired urban form	Progress to date to support desired urban form
• Creep' of non-residential uses into residential areas; • Increasing vacancy rates and declining amenity in key nodal points; and • Unchecked, market-led, speculative nodal development that place demands on public investment in infrastructure.	• A managed hierarchy of nodes within the City; • Non-residential uses are limited to existing and emerging, managed nodal points; and • Increased profile of the pedestrian and public transport aspects of the nodes.	• Defined nodal hierarchy; • Established nodal profiles and boundaries for all metropolitan, regional and district nodes; • Node-specific frameworks; • Regional Urban Management Plans; and • City Improvement Districts.

Strategy 3: Supporting sustainable environmental management

Table 7.4: Environment

Past trends	SDF desired urban form	Progress to date to support desired urban form
• Emphasis is on private space, i.e. shopping malls, security estates and private open space; • Lack of functional and connected network of open space; • New development outstripped the provision of open spaces and social amenities; and • Stormwater infrastructure exceeded by developments.	• Emphasis on public space, i.e. pedestrian environment, public parks and facilities; and • Protection of wetland systems, priority habitats and biodiversity areas.	• Johannesburg Metropolitan Open Space System; • Design Guidelines; and • Established sustainable human settlement indicators.

Strategy 4: Initiating and implementing corridor development

Table 7.5: Corridor development

Past trends	SDF desired urban form	Progress to date to support desired urban form
• Ad-hoc and unmanaged approach to linear development; and • No consistency in the use of the term "corridor".	• Delineation of two development corridors; • Focused infrastructure deliver to support corridor development; and • Series of goals and objectives established per corridor.	• East-west Development Corridor (EWDC); and • Bus Rapid Transit System (Phase 1).

Strategy 5: Managing urban growth and delineating an urban development boundary

Table 7.6: Urban growth

Past trends	SDF desired urban form	Progress to date to support desired urban form
• Urban sprawl on greenfield sites; • Erosion of rural character of the few rural assets of the City; • Proliferation of subsidised housing initiatives on peripheral locations away from economic and social opportunities; and • Escalating physical and social infrastructure demands and costs for both new infrastructure and maintenance costs.	• Infill, 'brown-fields' developments; • Abatement of urban sprawl on the periphery of the City; and • Conservation of rural character of areas beyond the urban development boundary.	• Establishment of the GMS; • Supporting RSDFs and development frameworks and precinct plans; • Sustainable human settlement indicators; • Land Use Guidelines; • Subdivision of land table; • Amendment procedures; and • Urban development boundary.

Strategy 6: Increased densification of strategic locations

Table 7.7: Densification

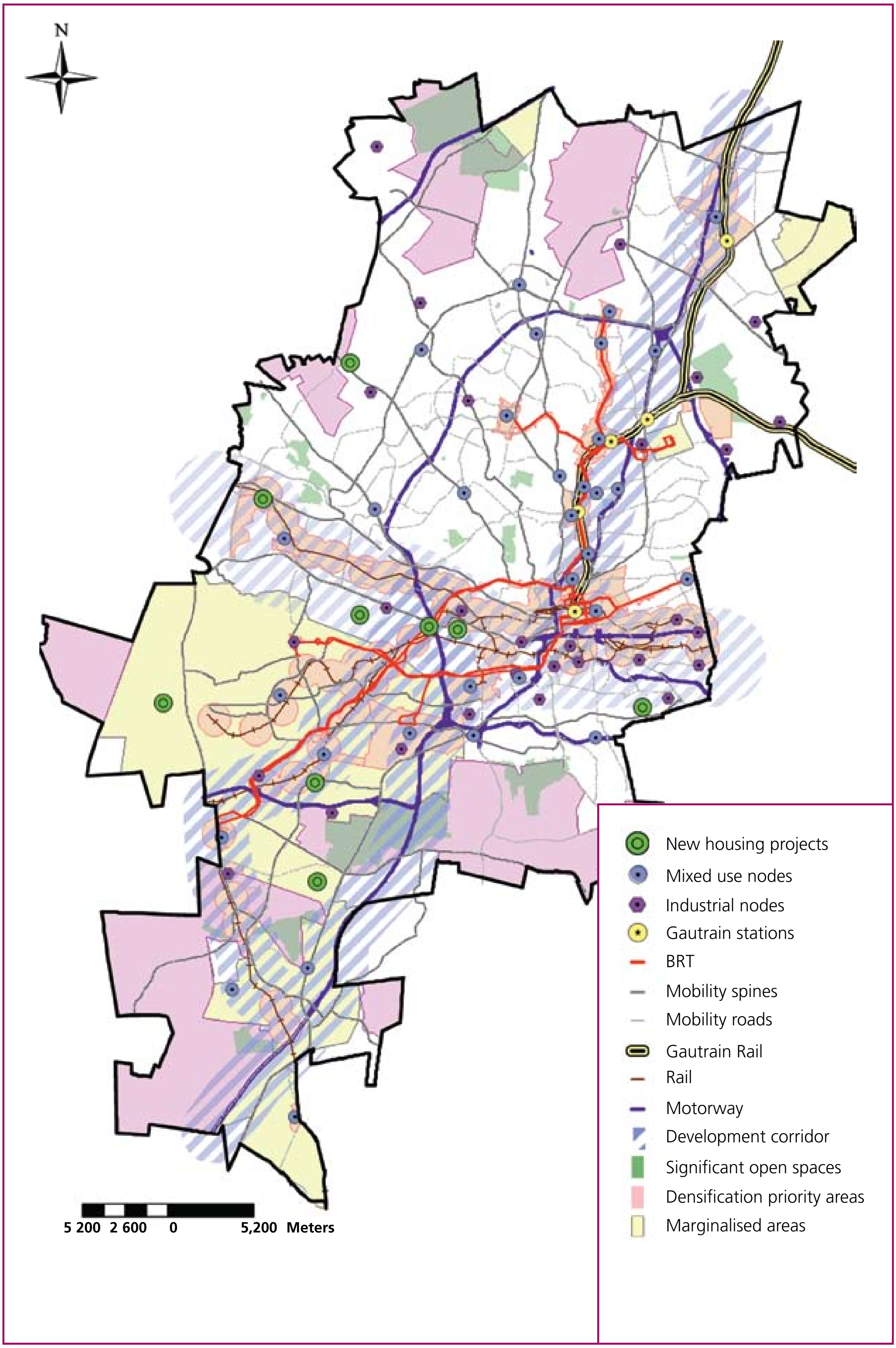
Past trends	SDF desired urban form	Progress to date to support desired urban form
• Low density and dispersed activities. • Market preference for one erf, one unit; • Perceptions that increased density equates to low cost housing; • Wasted land opportunities, e.g. car parks above ground; and • Low coverage and height restrictions.	• Higher densities and clustered activities in identified strategic locations; and • Co-ordinated investment in infrastructure to support densification initiatives.	• Strategic Densification Priority Areas as per GMS; • Base and minimum density guidelines proposals as per RSDFs; and • Density Bonus Policy.

Strategy 7: Facilitating sustainable housing environments in appropriate locations

Table 7.8: Housing environments

Past trends	SDF desired urban form	Progress to date to support desired urban form
• Urban sprawl on greenfield sites; • Erosion of rural character of the few rural assets of the City; • Proliferation of subsidised housing initiatives on peripheral locations away from economic and social opportunities; and • Escalating physical and social infrastructure demands and costs for both new infrastructure and maintenance costs.	• Infill, 'brown-fields' developments; • Abatement of urban sprawl on the periphery of the City; and • Conservation of rural character of areas beyond the urban development boundary.	• Spatial location and database of the City's informal settlements; • Housing Programme Pilot Projects e.g. Princess Plots; and • Sustainable human settlement indices.

Figure 7.2: Spatial representation of development strategies



Growth Management Strategy (GMS)

The GMS interprets and prioritises the SDF strategies from a spatial perspective and guides where short and long-term growth has to occur in the City. The strategy was initiated in 2008 and as such it is difficult, given the short period for implementation, to assess the impact of the GMS on the City's urban form. Nonetheless, baseline data was collected in 2009 to provide a benchmark to assess the future impact of the GMS. This information will be captured on a regular basis and will inform subsequent IDP reviews.

The GMS divides Johannesburg into growth management areas that are differentiated as being high, medium or low priority (refer to Figure 7.3 below). This has been designed to determine which areas should be prioritised for City funding and additional interventions, e.g. incentives, inclusionary housing and infrastructure upgrades.

High priority areas

These areas are divided into marginalised areas (Alexandra, Diepsloot, Ivory Park, Orange Farm and surrounds and Soweto) and those areas located in the public transportation management areas (Gautrain stations, BRT stations, PRASA railway stations). These areas will become the focus for infrastructure upgrading and provision in the short to medium term.

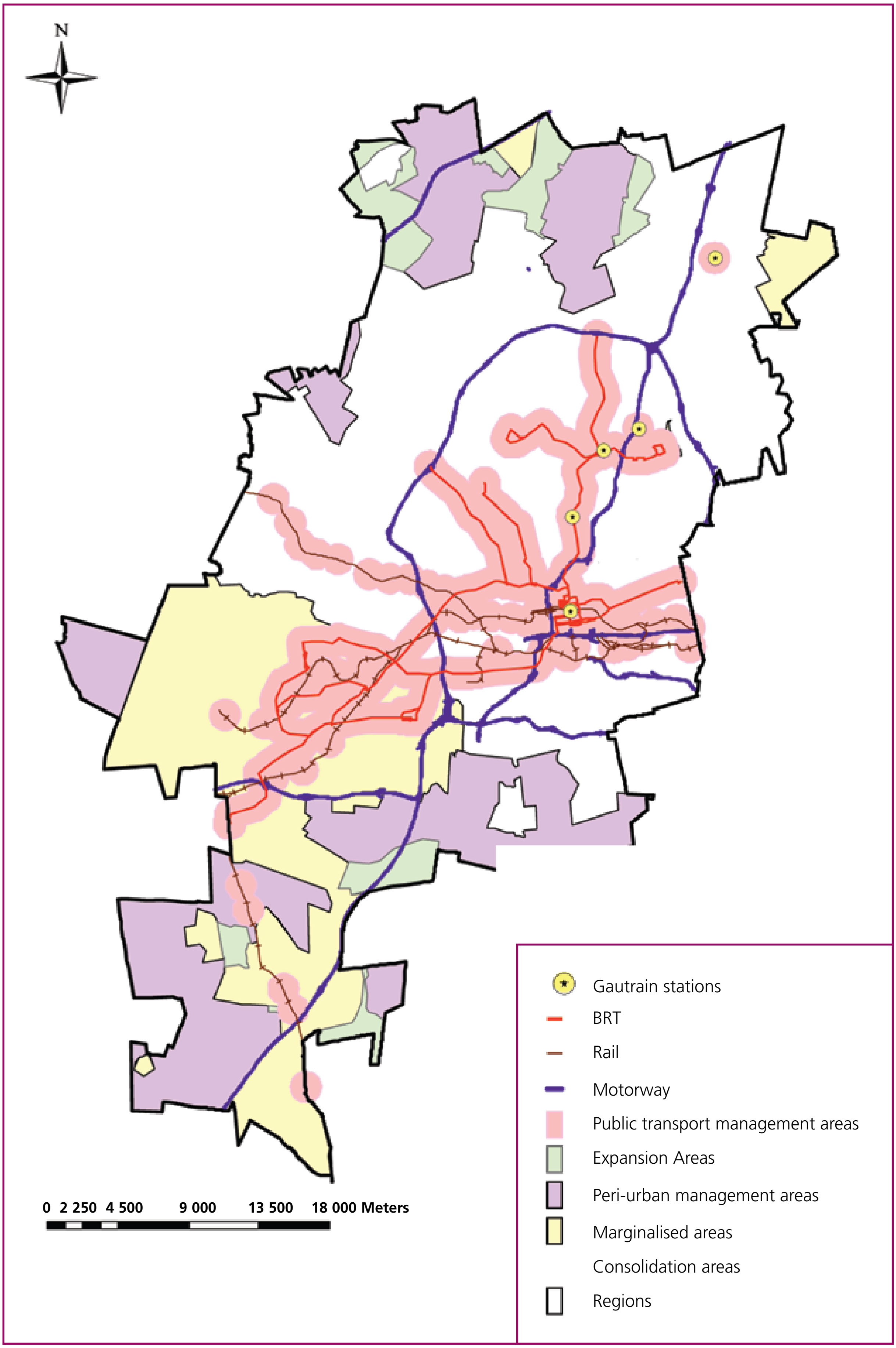
Medium priority areas

These consolidation areas are those areas not located in marginalised areas, around the priority public transport network or in peri-urban areas. Medium priority also includes expansion areas. Services within the medium priority areas will be upgraded in the medium to long term.

Low priority areas

These areas represent peri-urban areas outside the City's urban development boundary and will be serviced in the long term, if required at all.

Figure 7.3: A spatial representation of the hierarchy of priority areas



Public transportation management areas

In terms of the GMS, the priority public transport network is geographically the highest priority area of the City. It shares priority status with the marginalised areas. It is located within one kilometre distance from the existing and new public transportation infrastructure in the City. From a spatial restructuring and economic growth perspective, these represent key areas for new investment and re-investment within established and establishing nodes, such as the Johannesburg Central Business District (CBD), Sandton, Rosebank within the established central and northern locations of the City and emerging nodes such as Soweto's Jabulani, Kliptown and Baralink.

An assessment of the PTMA (using different indicators presented in the report) shows clearly that it remains a major investment area for both the private and public sectors. In terms of greenfields development, the area has been secondary to the consolidation areas. Evidence to support this has been presented in both the assessment of the Land Use Changes and the Town Planning Application System (TAS). However, it was expected, given the relative scale of the PTMA in relation to the land mass of the consolidation areas and the existing built-up nature of the PTMA that limits the extent of greenfields development in these areas.

The PTMA hosts the greatest Gross Value Add (GVA) centres within the City, including the Johannesburg CBD, Sandton Rosebank and Midrand. Conversely, some of the highest unemployment rates can be found within the PTMA footprint, specifically in Alexandra, Johannesburg CBD, Stretford and a number of Soweto's suburbs, e.g. Zola, Meadowlands-east and Orlando-east.

With respect to investment, there has been a significant concentration of private investment in the PTMA. The largest percentage of provincial funding was committed in PTMA areas in marginalised areas, predominantly focused in the central- south of the City.

Marginalised areas

Land use changes and information related to town planning and building applications indicate that the marginalised areas currently remain a tertiary location for most new investments. In comparison to the consolidation and PTMA areas, they remain largely underdeveloped. Formal changes noted, included formal housing, commercial and industrial developments.

Many of the land use changes that have occurred are indicated as informal. Given the predominance in the marginalised areas of unemployment hot-spots and the lack of significant GVA centres, the indicators reflect a continued reliance on these areas by the poor and disenfranchised of the City.

Public investment continues to dominate investment trends in the marginalised areas, although there are a number of private investments that were reflected in the assessment. Hopefully the continued public investment will increasingly leverage private funding into these areas and facilitate their transformation into economically viable and sustainable settlements.

Consolidation areas

In terms of new, greenfields development this remains the dominant GMA area of investment. This is also reflected in the numbers of TAS and Building Application System (BAS) applications and the land use changes across the City. Whilst it includes established and emerging nodal points, investment and land use change are primarily located on the northern and north-western periphery of the consolidation areas.

The growth trends, reflected in the consolidation areas, is a specific aspect that the GMS seeks to limit in the short-term. It is anticipated that infrastructure and public investment, in the short and medium term in the marginalised and public transportation management areas, will result in a significant shift of private investment from the consolidation areas to these priority areas.

The GMS has only been in place for one year and it is therefore too soon to comprehensively assess or evaluate the effectiveness of this key objective. However, the shift of investment and growth will be one of the primary indicators of the success or failure of the GMS and it will be reviewed on an annual basis. The City's capital investment remains within the target of 60 to 65% in terms of the allocation of resources to the high priority areas (notwithstanding maintenance and renewal commitments in the consolidation areas). The commitment of province administration to the high priority areas is reflected in the historic allocation of budgets and projects. Hopefully the continued public investment in these areas will increasingly leverage private funding, diverted from the consolidation areas, to the high priority areas. This could secure a new trend of investment and re-investment, aligned with the GMS principles.

Expansion and peri-urban management areas

The impact of the urban development boundary on investment and development trends in the City is reflected in the limited applications, land use changes and investment patterns. Until 2008, the areas included within the expansion areas were located beyond the extent of the urban development boundary. Land use changes beyond this boundary were limited. Those that were reflected were largely informal.

The City's commitment to the urban development boundary, by limiting investment, infrastructure and development beyond its extent, is supported by the GMS. The trend of limited investment in the peri-urban management areas is in line with the GMS objectives and remains a positive indicator of managing growth in the City.

It is important that the outcomes of the GMS and the SDF strategies are achieved. These outcomes depend on two processes. The first one refers to administration, which concerns the assessment of development applications, guided by the RSDFs and associated precinct plans and development frameworks to ensure that the outcomes are achieved. The second is investment-related and by directing public and private monies to high priority areas. The remainder of this chapter speaks to the Capital Investment Framework (CIF), which focuses on directing the City CAPEX spend to high priority areas, as defined in the GMS, while maintaining existing infrastructure networks.

Capital Investment Framework

Given the limited capital budget available to the City in the current economic downturn and the GDS, emphasise social upliftment and economic growth development as imperatives. The City must prioritise its capital expenditure. Policy in terms of the Sector Plans, the GMS, and the SDF provide guidance in determining capital expenditure. Discussions between and within departments, as well as communities, have led to the further refinement of the priority capital projects. The City also strategically prioritises capital expenditure to:

- Reduce infrastructure backlogs;
- Enhance the physical infrastructure base of the City;
- Improve the levels and standards of services to the residents, businesses and commercial users of the City's infrastructure;
- Attain assets that will improve the quality of life of its residents; and
- Ensure that the capital expenditure of the City is directed towards sustainable development.

The Capital Investment Framework (CIF) is the framework through which the City identifies and prioritises capital projects for implementation in the forthcoming financial year and the relevant medium term budget. The CIF is developed through two processes. The first is a series of engagements with the sector departments and associated MEs to identify critical capital projects, which is informed by the sector's priorities, as well as the technical outcomes. The second is the development of a prioritised list of capital projects for the City that meets the desired developmental and spatial outcomes of the City, defined in the GDS and the GMS (discussed in previous section).

The Development Planning and Facilitation Directorate and the Department of Finance in the Budget Office are responsible for the coordination of the CIF and for prioritising projects. The responsibility for identifying, planning and ensuring the execution of capital projects lies within the relevant sector departments and MEs. The objectives of CIF are to:

- Contribute towards the eradication of the service delivery backlogs, especially in poor and marginalised areas;
- Ensure the improvement and the management of existing infrastructure;
- Improve service delivery through infrastructure and services that are planned, delivered, upgraded or managed in an objective and structured manner;
- Prioritise projects and programmes through a strategic and spatially-linked information system known as the Capital Investment Management System (CIMS), and
- Direct future public and private investment, by aligning capital budget requirements of departments and entities to priority areas, defined in the GMS and sector plans.

In order for the City to achieve GDS objectives and to implement the IDP targets, there has to be budget linked to the programmes. The City's capital budget is limited and is funded through loans and grants. Due to the current global economic situation the City finds itself in a very difficult financial situation, which impacts negatively on funding of capital projects. The City has had to fund major capital projects, e.g. the BRT and the 2010 projects. With all these challenges the City still has to accommodate other capital projects, which aim to address the GDS and the IDP programmes. The City therefore has to prioritise capital expenditure. Policies in terms of the Sector Plans, the GMS and the SDF provide guidance in determining capital expenditure. Discussions between and within departments, and with communities, refine the priority capital projects further. Further to these considerations the City strategically prioritises capital expenditure to:

- Reduce infrastructure backlogs;
- Enhance the physical infrastructure base of the City;
- Improve the levels and standards of services to the residents, businesses and commercial users of the City's infrastructure;
- Attain assets that will improve the quality of life of its residents; and
- Ensure that the capital expenditure of the City is directed towards sustainable development.

The remainder of this chapter provides:

- An overview of the City's budget, including the breakdown of the sources of funding for capital projects;
- The allocation of CAPEX to the seven administrative regions of the City;
- A breakdown of the sources of funding for capital projects;
- An assessment of the extent of coordination between the capital budget and the GDS and allocation to the different sectors; and
- An assessment of the extent of coordination between the capital budget and the GMS in terms of priority areas.

An overview of the City's capital budget 2006/11

2006/07 CAPEX

The total budget for the City in the 2006/07 financial year was R3,193 billion. This figure was made up of R2,175 billion of loans, grants of R608,1 million, R36,6 million from cash reserves and R172 828 million coming from Bulk Contributions. In 2006/07 the City consisted of 11 administrative regions. Region 8 (City Centre) received the highest capital budget allocation. This is reflective of the fact that the Inner City was a key focus area. The other regions the received a bigger share of the 2006/07 CAPEX were Regions 6 and 10 and the Greater Soweto area, which fell within the marginalised area programme.

There were nine Spatial Development Framework investment programmes that were developed to support the implementation of the City's GDS and these also influenced the prioritisation of the budget. The breakdown of the capital budget in terms of the City programmes is summarised in the table below.

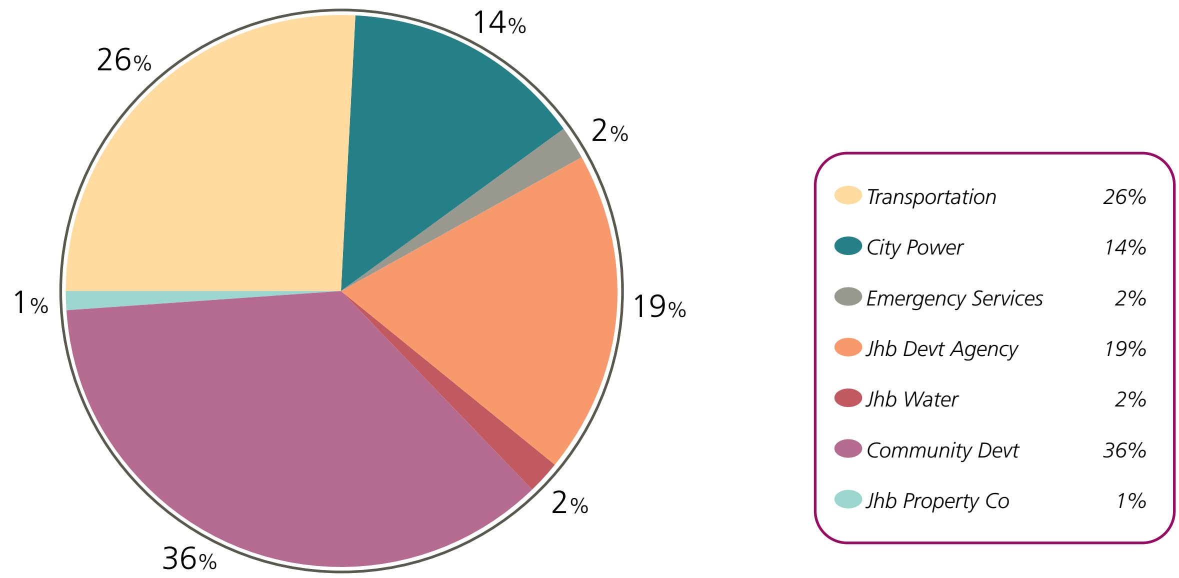
Table 7.9: CAPEX breakdown according to the City's SDF programme for 2006/07

Programme	Capital budget
Upgrade of Marginalised Areas Programme (UMAP)	R1 063 415 973
Regeneration Programme	R498 049 440
Nodal Programme	R138 750 142
Strategic Transportation Intervention Programme (STIP)	R321 515 000
Corridor Development Programme	R215 736 792
Strategic Infrastructure Investment Programme (SIIP)	R394 981 275
Sustainable Environment Programme	R70 000 000
2010 Programme	R496 417 000
Housing Programme	R240 823 193

In the 2006/07 financial year the different divisions made provisions within their budget to ensure the implementation of 2010-related projects. The percentage contributions made by the different divisions are as per graph below.

Figure 7.4: Percentage contribution of the capital budget by different division towards 2010 Programme in 2006/07

PERCENTAGE CONTRIBUTION OF CAPITAL BUDGET BY DIFFERENT DIVISION TOWARDS 2010 PROGRAMME IN 2006/07

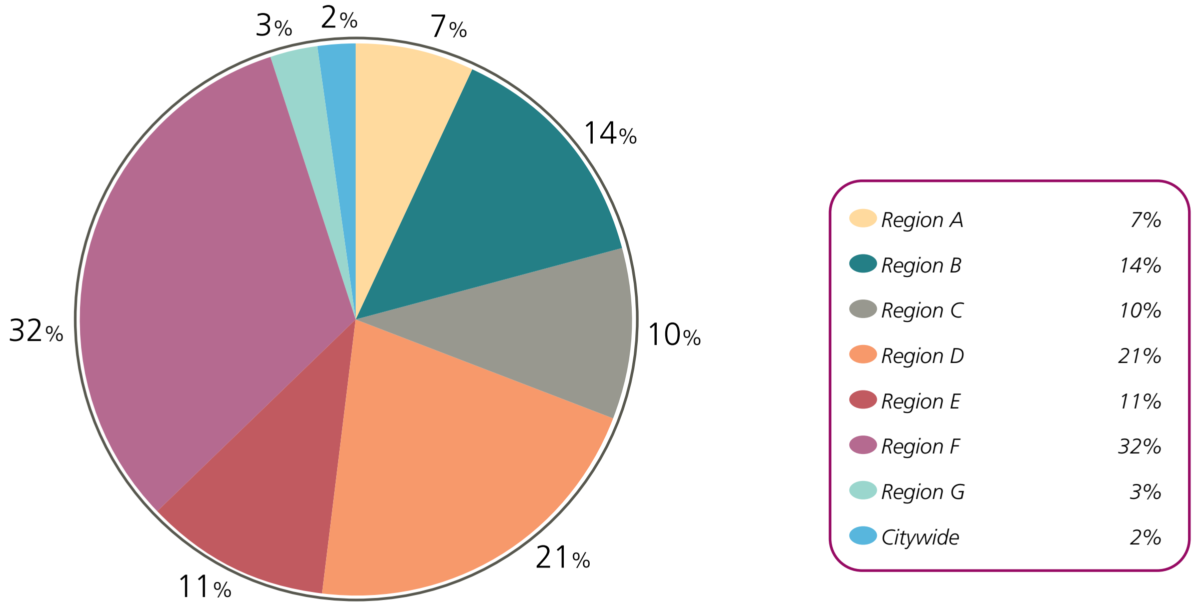


2007/08 CAPEX

In the financial year 2007/08 the City's capital budget amounted to R4,7 billion. A total of 34% of the budget was from loans, 30% from cash surplus and 36% from the grants and subsidies. In terms of the regional allocation of the capital budget, Region F, the region that includes the Inner City, received the biggest allocation totalling R1,2 billion. Region D (Greater Soweto) received the next biggest allocation. The percentage allocation per region can be summarised as per the diagram below.

Figure 7.5: Capital budget allocation as per project location for 2007/08

CAPITAL BUDGET ALLOCATION AS PER PROJECT LOCATION FOR 2007/08



In terms of the sector programmes, as defined in the City's GDS, the capital budget was allocated as per table below.

Table 7.10: The capital budget breakdown per GDS Sector for 2007/08 financial year

Programme	Capital budget
Economic Development	R114 526 000
Human and Community Development	R20 623 000
Housing	R328 210 200
Infrastructure and Basic Services	R2 283 766 000
Environment	R63 462 000
Spatial Form and Urban Management	R636 473 000
Transportation	R1 162 416 000
Health	R4 864 000
Safety	R6 013 000
Financial Sustainability	R151 117 000
Governance and Administration	R5 724 000

2008/09 CAPEX

The capital budget for the 2008/09 financial year was R5,2 billion, an increase from the previous financial year of 14,6%. The breakdown, in terms of funding sources, is represented in the graph below.

Figure 7.6: Percentage contribution of the funding sources towards CAPEX in 2008/09

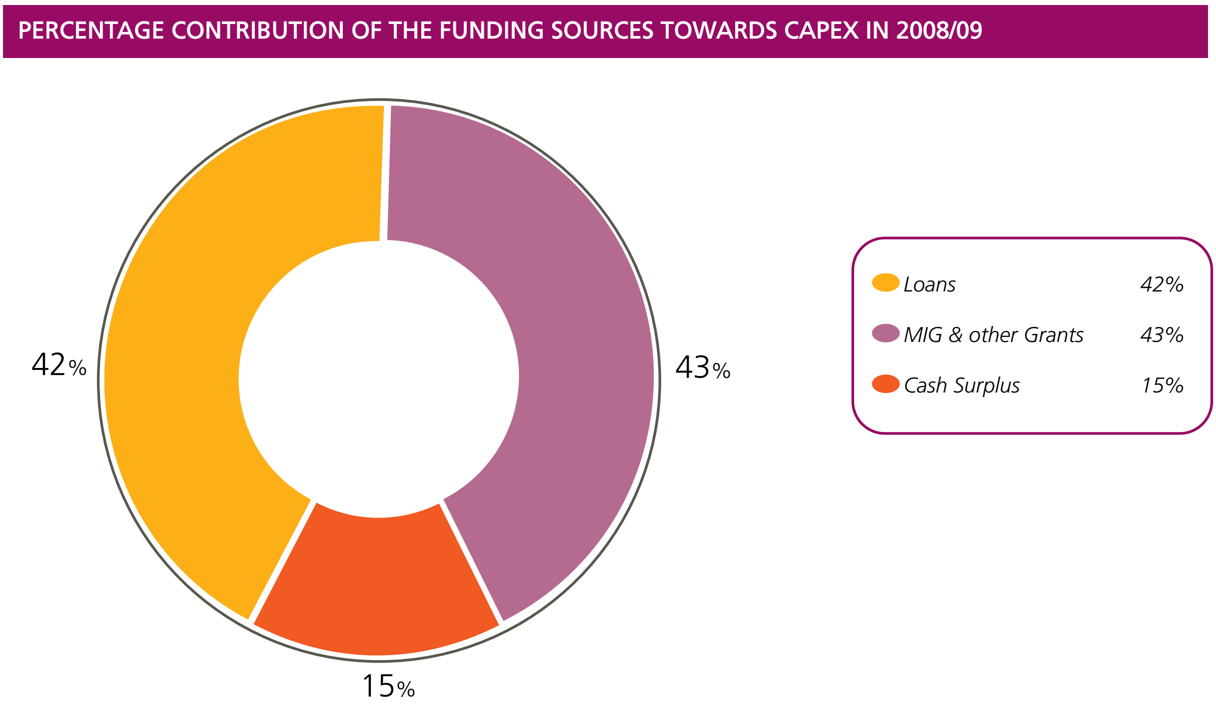


Table 7.11: Capital budget breakdown per GDS Sector for 2008/09 financial year

Programme	Capital budget
Economic Development	R42 500 000
Human and Community Development	R112 600 000
Housing	R271 176 000
Infrastructure and Basic Services	R1 171 649 000
Environment	R14 750 000
Spatial Form and Urban Management	R462 348 000
Transportation	R246 671 000
Health	R5 000 000
Safety	R9 600 000
Financial Sustainability	R60 000 000
Governance and Administration	R310 027 000

2009/10 CAPEX

The capital budget for the City for 2008/09 was R3,538 billion, which included a loans amount of R2,343 billion, R32,45 million from cash, grants and subsidies of R959,8 million, as well as bulk contributions of R202,7 million.

Table 7.12: Capital budget breakdown as per projects location per region for 2009/10

Region	Total CAPEX funding
A	R215 434 107
B	R149 813 240
C	R338 927 407
D	R487 350 657
E	R318 466 573
F	R1 538 565 657
G	R480 753 357

The City has had to reprioritise this budget to cover some of the costs for projects that needed to be finalised in this financial year for the 2010 FIFA Soccer World Cup.

Table 7.13: Capital budget breakdown per GDS sector for 2009/10 financial year

Programme	CAPEX
Economic Development	R156 091 000
Human and Community Development	R90 317 000
Housing	R453 993 000
Infrastructure and Basic Services	R1 580 599 000
Environment	R71 356 000
Spatial Form and Urban Management	R327 953 000
Transportation	R312 691 000
Health	R12 572 000
Safety	R8 063 000
Financial Sustainability	R30 865 000
Governance and Administration	R486 406 000
Corporate and Shared Services	R7 321 000
Total	**R3 538 227 000**

Table 7.14: The capital budget breakdown for core departments for 2010/11

Department vote core administration	Indicative budget 2010/11 R 000	Source of finance					
		COJ funding (Loans) R 000	CRR (Cash) R 000	Public contributions			
				National grant R 000	Provincial grant R 000	MIG R 000	Other and BSC R 000
Economic Development	150 838		602	150 236			
Environment	5 890	5 000	890				
Infrastructure and Services	378		378				
Transportation	15 641	15 000	641				
Community Development: Core	994		994				
Community Development: Libraries	40 427	39 700	727				
Community Development: Human Development	18 790	18 500	290				
Community Development: Sport and Recreation	8 203	6 800	1 403				
Community Development: Arts, Culture and Heritage	51 681	1 200	400			50 081	
Community Development: Total	**120 095**	**66 200**	**3 814**			**50 081**	
Health Services	15 130	6 500	2 130			6 500	
Office of the Executive Mayor and special projects	16 192	15 000	1 192				
Office of the Executive Mayor 2010	69		69				
Speaker: Legislative Arm of Council – Ward allocation	1 205		1 205				
Finance	18 952		1 550			17 402	
Revenue and Customer Relations	1 432		1 432				
Corporate and Shared Services	2 430		2 430				
Housing	222 061	43 500	33 884			144 677	
Development, Planning and Urban Management	183 879	34 000	16 492	80 000		48 387	5 000
Development, Planning and Urban Management: Inner City	122 300		122 300				
Development, Planning and Urban Management: Total	**306 179**	**34 000**	**138 792**	**80 000**		**48 387**	**5 000**
Emergency Management Services	12 127	1 500	10 627				
Johannesburg Metropolitan Police Department	22 974	2 100	20 874				
Total core administration	**911 593**	**188 800**	**220 510**	**230 236**		**267 047**	**5 000**

Table 7.15: The capital budget breakdown for the municipal entities for 2010/11

Department vote MEs	Indicative budget 2010/11 R 000	Source of finance					
				Public contributions			
		COJ funding (Loans) R 000	CRR (Cash) R 000	National grant R 000	Provincial grant R 000	MIG R 000	Other and BSC R 000
City Power	1 081 581	542 000	230 000	97 000		54 516	158 065
Johannesburg Water	600 013	450 900				129 113	20 000
Pikitup	51 200	27 200				24 000	
Johannesburg Roads Agency	229 174	147 400				66 774	15 000
Metrobus	6 000		6 000				
Johannesburg City Parks	32 100	8 600				15 000	8 500
Johannesburg Zoo	10 000	10 000					
Johannesburg Development Agency	42 800	42 800					
Johannesburg Property Company	15 000	15 000					
Johannesburg Fresh Produce Market	18 000	18 000					
Metro Trading Company	5 000	5 000					
Johannesburg Tourism Company	1 500	1 500					
Johannesburg Social and Housing Company	52 800	52 800					
Johannesburg Civic Theatre	1 000	1 000					
Roodepoort City Theatre	1 000	1 000					
Total MEs	**2 147 168**	**1 323 200**	**236 000**	**97 000**		**289 403**	**201 565**
Total City of Johannesburg	**3 058 761**	**1 512 000**	**456 510**	**327 236**		**556 450**	**206 565**

An overview of the City's 2010/11 capital budget

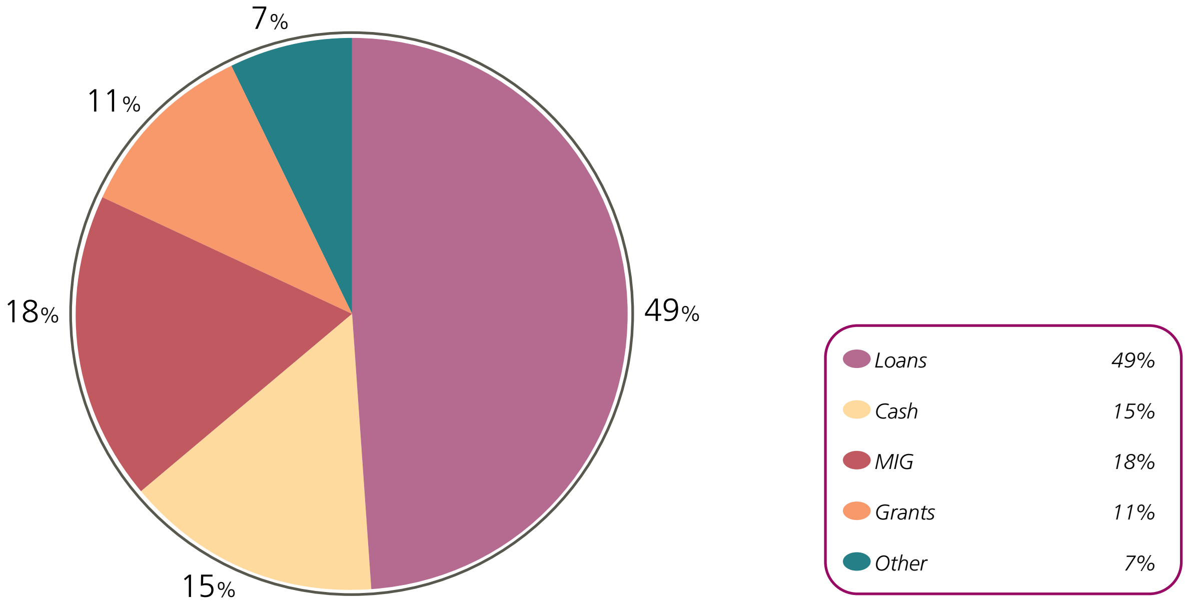
Demands on the City's capital budget far exceed available resources. Certain projects from previous financial years have had a negative impact on the City's 2010/11 capital budget. The City therefore revisited the overall budget to assess spending patterns. As such, the City has had to be strategic in its choice of projects, identifying critical projects in order to ensure that set priorities in the IDP are achieved.

In the tables above, the total capital budget allocation is shown. The capital budget is funded from the loans, surplus cash, bulk service contributions and grants from the other two spheres of government, namely: the Municipal Infrastructure Grant (MIG); Neighbourhood Development Partnership Grant (NDPG); and various national department grants.

The major portion of the capital budget has been obtained through loans (R1,512 billion). The second largest contributor is in the form of national grants, specifically MIG (R556 million). MIG is utilised specifically for the provision of bulk and basic services for the poor.

Figure 7.7: Breakdown of the CAPEX funding sources for 2010/11

BREAKDOWN OF THE CAPEX FUNDING SOURCES FOR 2010/11



The regional location of projects is influenced by the priority areas of the City. Region F as one of the priority areas and being the location of most head offices of the entities and the departments has considerably more projects and therefore has a greater capital budget than the other regions. Also the inner city is located in this region.

Table 7.16: Overview of the City's regional CAPEX share 2010/11

Region	Total CAPEX funding
A	R202 161 037,48
B	R233 603 523,81
C	R328 517 190,48
D	R398 156 343,48
E	R322 536 857,14
F	R1 185 825 857,14
G	R281 928 190,48

GDS Sector Programmes and the CAPEX allocation for 2010/2011

The 12 sector programmes in the GDS mirror the Departmental configuration of the City and the provision of a policy timeline that is aligned to budget planning cycles. The GDS provides the development paradigm that promotes economic development, environmental sustainability and poverty eradication. It is also the foundation for capital expenditure allocation in the City.

Table 7.17 shows the capital expenditure per sector programme of the GDS for 2010/11. Capital allocations are concentrated in specific programmes, namely infrastructure and basic services, housing, transportation, economic development and spatial form and urban management. These allocations and projects are associated with the critical sector programmes.

Table 7.17: CAPEX allocation per GDS sector for 2010/11

Programme	CAPEX
Economic	R190 338
Human and Community Development	R122 095
Housing	R274 861
Infrastructure and Basic Services	R1 733 172
Environment	R47 990
Development Planning and Urban Management	R348 979
Transportation	R250 815
Health	R15 130
Public Safety	R35 101
Financial Sustainability	R20 384
Governance and Administration	R17 466

Growth Management Strategy (GMS) and Spatial Development Framework (SDF)

In terms of the GMS, public transport management areas and marginalised areas should be prioritised in the short to medium term. The defined areas reinforce the SDF and GDS programmes and their project priorities. In turn, the CIF prioritises infrastructure and public amenity upgrades that are located in those areas defined in the GMS through CIMS. Projects in these areas include:

- Upgrade existing infrastructure in order to support more intensive land uses and higher density residential development;
- Facilitate the implementation of Phase 1a and 1b of the BRT system;
- Facilitate mobility along important arterials;
- Provide quality pedestrian and cycle facilities, integrated with public transportation facilities;
- Offer economic opportunities to the poor and marginalised;
- Provide the necessary public amenities; and
- Integrate transportation modes, especially the existing rail network with the BRT and Gautrain stations.

Challenges in the implementation of CIF, GMS and SDF

There are a number of challenges that affect the achievement of CIF and per implication the GMS and SDF. These challenges are:

- There are a growing number of informal settlements and low income housing projects in the City. As a result, there is an increase in the backlog for services and non-paying consumers whom the City must serve with associated infrastructure that needs to be maintained;
- In established residential and employment areas infrastructure is ageing or capacity needs to be increased. This places additional demands on the City's CAPEX expenditure;
- An increased demand for social facilities and infrastructure within communities (e.g. street lights, multi-purpose centres, sport fields, libraries) that do not generate an income and must therefore be funded from other sources;
- In the current economic recession there is significant contraction in employment and an associated inability by ratepayers to afford rates and services. This has a direct impact on the City's revenue and its ability to fund critical projects. This relationship can be seen in declining total CAPEX spent over the past three years; and
- The legal constraints on municipalities limit the size of loans the City can raise.

These factors contribute to a weak financial outlook for the City, making the achievement the CIF, GMS and SDF objectives more difficult. The current circumstances reinforce the need for:

- Strengthened management of the City's assets at a sector level;
- Increased prioritisation and alignment of projects, based on GMS that target marginalised areas and those areas of the City where ageing infrastructure and economic activity is focused;
- Public investment to reinforce and maximise the potential of recent large scale public investment in public transport;
- Continued focus on eradicating back logs and implementing the Informal Settlement Upgrading Programme; and
- Innovative solutions to increase City revenue, as well as cutting costs.