

Infrastructure Investment Prospectus



Western Cape
Government
FOR YOU

R300

EXECUTIVE SUMMARY

High-level project overview; Unique value proposition and competitive advantage; Strategic significance and impact; Key stakeholders; Investment opportunity.

PROJECT DESCRIPTION & STRATEGIC CASE

Project scope and objectives; Justification; Sector-specific analysis; Market size and demand analysis.

PROJECT STATUS & IMPLEMENTATION READINESS

Current phase of development; Readiness for procurement; Regulatory and environmental approvals; Community and stakeholder engagement.

GOVERNANCE, POLICY & ENABLING ENVIRONMENT

Legal and regulatory framework; Government policies; Governance role; Investment needs and policy incentives.

ECONOMIC & COMMERCIAL VIABILITY

Value-for-money assessment; Cost-benefit analysis; Risk evaluation; Economic multipliers and macroeconomic benefits.

FINANCIAL REQUIREMENTS & FUNDING STRATEGIES

Total project cost breakdown; Funding sources; Revenue models; Innovative financing mechanisms.

PROJECT FEASIBILITY, APPROVALS & INFRASTRUCTURE PLANNING

Feasibility study findings; Master plan integration; Alternative evaluation; Infrastructure planning and prioritisation.

DELIVERY MECHANISM & PROCUREMENT STRATEGY

Phased implementation; Procurement methods; Bidding process; Supplier selection; Risk-sharing mechanisms.

PROJECT COMMUNICATION & STAKEHOLDER ENGAGEMENT

Investor engagement strategies; Community participation; Government and regulatory interactions.

SPECIAL (E.G. GENDER) PROCUREMENT ACTIONS & SOCIAL IMPACT

Gender-responsive procurement; Social benefits; Sustainability and environmental compliance.

OPERATIONS & MAINTENANCE STRATEGY

Long-term asset management; Performance monitoring; Digital technology leverage; Resilience planning and climate adaptation.

CONCLUSION & CALL TO ACTION

Summary of investment benefits; Next steps; Contact details and proposal submission.

CONTENTS

The Western Cape Government's Department of Infrastructure (DOI), previously the Department of Transport and Public Works (DTPW), is the road authority responsible for the management and delivery of transport infrastructure within provincially proclaimed road reserves. Its purpose is to deliver and maintain transport infrastructure that:

- is sustainable, integrated and environmentally sensitive;
- supports and facilitates social empowerment and economic growth;
- promotes accessibility; and
- enables the safe, affordable movement of people, goods and services.

It is with this lens that the Department of Infrastructure saw the need for infrastructure investments to expand the freeway road network by adding the R300 North link to the N7 and ultimately, the R27 West Coast Road. This will have a continued impact on economic growth in the Western Cape and the South African regional economy.

Lack of capacity resulting in unacceptable levels of service, high safety risks due to ageing infrastructure, inefficient freeway access causing stagnation of developable areas, and the positive effect of large catalytic infrastructure projects on the regional economy due to job creation and stimulation of development, were all factors leading to the Department of Infrastructure's investment in and prioritisation of this road link.

Catalytic infrastructure of this nature has the power to activate development and transform parts of the built environment. They are planned and designed to cause a corresponding and complementary development reaction on surrounding land use. This project is of a magnitude that will stimulate the development and redevelopment of underdeveloped properties and, when completed, will also unlock new development potential.

EXECUTIVE SUMMARY

The measure of return on investment can include job creation, an increase in land value, improved transportation, improved access, and new housing developments. This project and its further phases will thus improve the quality of life for Western Cape residents in multiple communities, as well as revitalise dormant land pockets for mixed housing and economic development.

The project meets the Strategic Infrastructure Projects criteria identified by the Presidential Infrastructure Coordinating Commission. This framework has five key criteria, which are all addressed at varying levels in the proposed Cape Town Integrator Programme:

- Unlocking opportunity.
- Transforming the economic landscape.
- Creating new jobs.
- Strengthening the delivery of basic services.
- Supporting the integration of regional economies.

The main features of the project are the provision of a Primary road link with a regional impact. Not only will it attract traffic from currently congested lower-order roadways, but the ultimate completion of the R300 North up to the N7 and R27 roadways will have a significant effect on the Wingfield interchange (N1/N7) as it will allow for the efficient diversion of traffic to and from the north. In other words, the movement to and from the east and north at the Wingfield Interchange will be alleviated by the completion of this road link.

PROJECT DESCRIPTION & STRATEGIC CASE

Project scope and objectives; Justification; Sector-specific analysis; Market size and demand analysis.

The extension of the R300 to the north is one of the phases that will ultimately create a ring road around the Cape Metro. This project forms part of the northern extension of Trunk Road 81 Section 2, commonly known as the R300, which will serve as a regional freeway to the Cape Town Metropole in future. It is a provincially proclaimed Trunk Road and will ultimately become part of the provincial road network. On completion, the R300 Freeway between the R27 and the M5 will be the first real ring road connecting all the major freeways in Cape Town, integrating communities.

Project Scope and Objectives

This phase is focused on the section between De Bron Road as the southern limit and Wellington Road as the northern Limit. The South African National Roads Agency (SANRAL) is responsible for the section between Stellenberg Interchange on the N1 up to the De Bron Road limit. This phase will be constructed as a 6-lane freeway with crossing structures at De Bron Road, Legato Drive, Amadeus Drive and Wellington Road, and will cover an approximate 5km stretch of an ultimate 30km section. The image reflects the R300 North Freeway Extension in relation to the wider Cape Town Integrator Programme.

In line with the area's Spatial Development Framework, the completed R300 North freeway will provide a vital link between the N1, the N7 and the R27 to support growth in various industries by fostering connectivity, economic development and transport efficiency.

The objective of the project is mainly focused on economic growth and mobility. Growth in the short term will relate to the employment that will be created as a result of the construction project. There will be direct employment opportunities created in the form of construction labour, as well as indirect opportunities stemming from the sales and supply of building materials, site accommodation, transport, construction machinery and fuel.

In the longer term, new employment opportunities will arise from the maintenance of the new roadway. Again, there will be direct and indirect opportunities created here, not to mention the entrepreneurial opportunities that may arise from such an infrastructure development.

The second main objective of the project is mobility and spatial transformation. Efficiently operating transport infrastructure will improve the effectiveness of the community it serves and will therefore contribute to economic growth and job creation.

This project phase forms part of the regional freeway system and will ultimately connect the southern parts of the Cape Metro to the northern parts and vice versa. This will have an impact on other major arterial roadways and freeways, providing an alternative route as a ring-road to the Metro and diverting traffic to and from the north and south to avoid currently congested nodes in the network. These are widespread benefits that not only contribute to the mobility of the immediate surrounds of the project, but also the region.

Spatial transformation resulting from the roadway development is expected to some extent, with higher density redevelopment in the vicinity of the interchanges and along the road reserve boundary. Possible new developments along the road reserve are only possible at the De Bron Road access interchange, and preliminary planning of these sites shows an increased development density compared to the remaining surrounding area.

Other key objectives of the R300 North Extension project are to:

- Address the imbalance between Cape Town's population growth and lack of transport infrastructure investment through targeted investment.
- Meet the current and future levels of service

MAP OF PROJECT

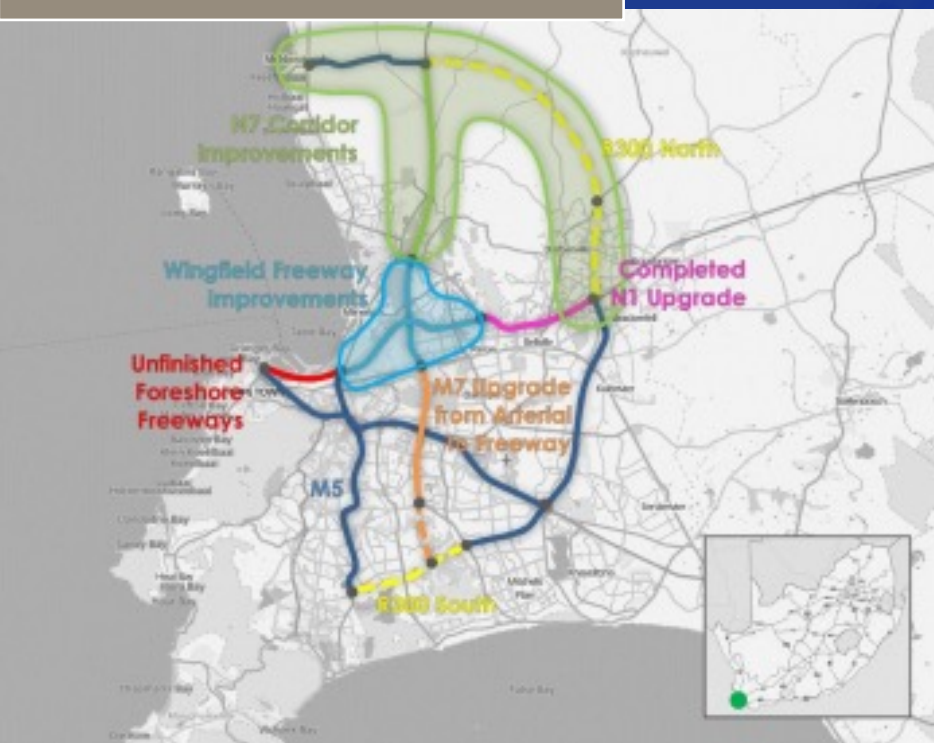


Figure 1: Map of project

needs of the freeway systems, resulting in increased capacity and reduced congestion.

- Improve road user safety by implementing fit-for-purpose transport infrastructure solutions.
- Exploit infrastructure investment as a catalyst for economic growth and job creation.
- Unlock growth and development potential by providing access to previously locked land parcels and economic nodes.
- Create an integrated city which supports access, mobility and public transport.
- Implement infrastructure solutions that are technically, environmentally and economically feasible. Reduced road user costs for private vehicles, public transport and freight movement are major contributors to positive economic indicators.

Market Size and Demand Analysis

Based on the 2021 census, Cape Town has experienced a high population and development growth rate, leading to an increase of more than 2.1 million people since the year 2000. The last big infrastructure investment was in preparation for the Soccer World Cup in 2010, which involved some upgrades to the M5 transport infrastructure, but investment was mainly focused on the Green Point stadium. Considering that the population has almost doubled in the last 20 years, the City will not be able to keep up with the current growth rates, as immense pressure is being placed on an ageing infrastructure network.

The Average Annual Daily Traffic (AADT) numbers along the N1 between the R300 and the N7 range between 120 000vpd and 150 000vpd. These average numbers consider weekends and public holidays and are generally exceeded during working weekdays. This creates a significant demand for capacity during peak periods. Over the past 20 years, these volumes have steadily increased, with the peak hour spreading significantly to almost 3 hours.

Increasing the number of lanes on a freeway also has its limits in terms of effectiveness, as the distances between access points (interchanges) need to increase with the number of lanes. This is, however, not practically achievable without significant investment into the relocation of these points. It is imperative to develop the network further, providing alternative routes to distribute the traffic demand in the necessary directions and, in so doing, decrease pressure on specific nodes and links.

Cape Town has a unique problem as it is located in the Cape Peninsula, which limits the available approaches to the inner city. It becomes critical

to separate the vehicles with destinations to the north of the City from those with destinations in the City. When completed, the R300 North Extension will fulfil this function, diverting traffic away from the critical nodes on the N1, such as Wingfield Interchange.

This unique problem gives rise to the decentralisation of industrial areas and business hubs, as is evident in, for example, Century City, Tygervalley, Brackenfell Industria, etc. A similar industrial hub is expanding in the vicinity of Wellington Road, where the current R300 North Freeway Extension Phase 1 terminates. Major development and expansion of the urban edge has taken place with light industrial, educational facilities, residential and ultimately an airport. It becomes vital to ensure adequate mobility and accessibility functions are in place and provided for employment opportunities to be available to the market.

The project will have a regional impact on economic growth, job creation, road safety, traffic movement, transport integration potential and development potential. As the phases of the ultimate link to the N7 and R27 are completed, these impacts will increase and will have national significance in terms of the movement of people and goods to and from the region. ●

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PROJECT STATUS & IMPLEMENTATION READINESS

Current phase of development; Readiness for procurement; Regulatory and environmental approvals; Community and stakeholder engagement.

This Phase 1 of the project involves the construction of the 5km stretch between De Bron and Wellington roads and consists of 5 stages. Stages 1 and 2 have already been completed.

The remaining stages and their status are;

- **Stage 3:** Design Development - expected completion by the end June 2025 with the final Basic Assessment Reports approval from the Department of Environmental Affairs and Development Planning, which is expected by the end of October 2025.
- **Stage 4:** Procurement - expected to kick off in July 2025 with the appointment of the contractor between February and May 2026.
- **Stage 5:** Construction - expected start June 2026, with a 42-month projected construction to end in December 2029.

The Department has sufficient capacity to deliver the project on time, within budget and to the required specifications. The organisational structure through which projects are implemented in the Transport Infrastructure Branch is determined by the Infrastructure Delivery Management System. The following role players were identified in the R300 North Freeway Extension Programme. The specific stages of the R300 North Freeway Extension Programme are determined by the project's governance and control, and follow a logical sequence. The completion of a specific stage would be confirmed by specific stage deliverables, as reflected in the Infrastructure Delivery Management System.

The R300 North Freeway Extension Programme is implemented through a diverse set of parties to ensure the objectives are achieved. Accountability and transparency are ensured in all stages by means of standard forms of contract and agreements. All documentation is readily available and accessible to the Auditor General, in terms of normal Department of Infrastructure project protocols.

CLIENT TEAM

Client and Implementer represented by Transport Infrastructure on behalf of the Department of Infrastructure

DELIVERY TEAM

Project Consultant

Delivers the development and implementation of the project while integrating the Client Team's requirements into workable solutions.

The Project consultants fulfills the following roles:

- Project Leader
- Lead Designer
- Cost Controller
- Procurement Leader
- Contract Manager
- Supervising Agent

Principle Contractor

Provides the new infrastructure or maintain, rehabilitate or upgrade existing infrastructure.

The Principle Contractor manages various construction teams and sub-contractors to complete the works.

Third Parties - provides professional support services in areas such as health and safety, environmental compliance, geotechnical investigations, traffic studies, etc.

The Principal Stakeholders in the R300 North Freeway Extension project are:

- Department of Infrastructure's Infrastructure Branch's engineering consultant: BVi Consulting Engineers Western Cape (Pty) Ltd
- The City of Cape Town
- The SANRAL

Other interested parties have been identified through legislated public participation processes that have already commenced.

STAKEHOLDERS

- **Provincial Treasury**
Allocates and monitors provincial budget
- **Eskom** - Major utility services stakeholders
- **City of Cape Town** - Road authority of local road network into which works must tie-in
- **End-users** - Road users as well as interested & Affected Parties
- **Developers** - Developers affected by, or affecting, the R300 Northern Extension
- **Other organs of state**
Department of the Premier, Department of Environmental Affairs and Development Planning, etc.

Figure 2: Infrastructure role players identified in the R300 North Freeway Extension

GOVERNANCE, POLICY & ENABLING ENVIRONMENT

Legal and regulatory framework; Government policies; Governance role; Investment needs and policy incentives.

The Western Cape Department of Infrastructure will be the sponsoring entity and implementing institution. The Department's legal mandate is provided for in the Final Constitution of the Republic of South Africa, Schedule 5 – Functional areas of exclusive provincial legislative competence, as well as in the Western Cape Road Ordinance No. 21 of 1976. The Department manages its road infrastructure projects through Programme 3: Transport Infrastructure Branch, which is a key player in the delivery of the Department of Infrastructure's Outcome 1: An infrastructure foundation and capability for development, and the MTSF 2: Economic Transformation and Job Creation.

The R300 North Freeway Extension project is in line with the National Development Plan 2030 and the New Growth Path 2010, which identified infrastructure investment as a key priority. The project has the positive supplementary benefit of stimulating economic activity that is conducive to growth, job creation and improving the skills base through vocational training. The National Transport Master Plan 2050 vision further reinforces that transport is the heartbeat of the economy and the fabric of our socio-economic development. The National Department of Transport has also provided an endorsement letter in support of the N7 Corridor Improvements as a viable and necessary implementation programme. The R300 North Freeway Extension forms part of this major corridor programme and is a potential catalyst for job creation, skills improvement and economic growth.

This project also directly aligns with the Western Cape's Growth for Jobs Strategy and reflects the Panoptic Principles of the Western Cape Infrastructure Framework 2050, ensuring that:

- Infrastructure innovation drives equitable economic, social, and environmental development.

- Innovative infrastructure ecosystems contribute to resilience and sustainability.
- Sustainable stakeholder value is created through trust and spatial justice.
- Transversal planning and governance support effective infrastructure design and management.

The enabling environment created through this governance and policy framework is fundamental to ensuring that the R300 road extension becomes a sustainable, scalable, and socio-economically viable ecosystem. ●

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ECONOMIC & COMMERCIAL VIABILITY

Value-for-money assessment; Cost-benefit analysis; Risk evaluation; Economic multipliers and macroeconomic benefits.

The R300 North Freeway Extension will play an important role in connecting Cape Town to the economies of the Northern Cape (Namibia Route) and Gauteng. It will promote movement between regional origins and destinations by replacing demand on certain links and nodes, thus extending design lifespans on existing infrastructure. The immediate area surrounding the project is an extremely high generator of demand with poor access to the primary road network. The travel distance required to access the primary network is not in line with the high demand and creates strain on the lower-order road network. The negative impact on economic growth and access to opportunities can be alleviated by the implementation of necessary road infrastructure.

The urban edge is expanding towards the north-east of the Durbanville area at a rapid pace, placing more pressure on the local road network. This expansion includes industrial parks, middle-income residential areas, low-income residential areas (e.g. Fisantekraal), schools, as well as the planned Cape Winelands Airport that will operate as a secondary “airport city” for the region.

The Social Accounting Matrix impact model was used to assess the economic impact of the development of the R300 extension by evaluating the capital (CAPEX) and operational (OPEX) expenditures associated with construction and maintenance. This, in turn, allows for the economic effects in a variety of sectors to be investigated by using the economic multiplier effect.

Economic impact is determined by the level of economic activity generated as a result of the total spend of the overall project, including both capital and operational expenditure. The impact is assessed through production (new business sales), gross domestic product (GDP), employment, and income.

Capital expenditure inputs include land costs, management services, security services, infrastructure components, materials, engineering costs, and labour costs. These inputs were compiled to produce output levels of direct, indirect, and induced economic impacts, as well as overall impact per sector.

Based on the results of this exercise and contained in the Budget Facility for Infrastructure (BFI) 17 May 2024 submission, the following could be interpreted:

- The R300 extension project is estimated to generate R4,4 billion in total production and new business sales. When considering the multiplier effect, for every R1,00 spent in CAPEX as a result of the R300 extension development, R2,61 is generated through production value and new business sales in the local economy.
- When considering gross geographic product (GGP), for every R1,00 spent in capital investment toward the extension, R0,73 is generated as GGP for the local economy. However, the overall impact of the CAPEX costs results in approximately R1,2 billion in GGP.
- The overall impact on employment opportunities when considering direct, indirect, and induced employment as a result of the CAPEX of the project, is a total of 4 148 jobs – 36 of which are direct, 3 202 being indirect, and 910 being induced. This translates to the creation of 2,4 jobs per R1 million capital investment into the R300 extension project.
- A result of the CAPEX investment costs of the R300 includes an overall impact of R464,55 million on income, translating to just R0,27 generated in worker income per R1,00 capital investment.
- It can also be concluded that the capital expenditure of the R300 extension will have the largest economic impact on the following sectors:

- Manufacturing;
- Building and construction;
- Real estate and business services; and
- General government and community services.

The SAM model suggests that the construction phase of the R300 extension development will have a highly positive impact on the economy as a result of the large levels of capital expenditure. The construction phase is estimated to create over 4 000 jobs, generate a production value of R4,4 billion, create an impact on income of almost half a billion Rand, and have an impact on gross domestic product of approximately R1.2 billion.

The benefits over the next 30 years will be focused on Road User Cost savings. The N1 carries between 120 000vpd and 150 000vpd. The diversion of traffic to and from the N1 onto the R300 will, in future, when the link to the N7 is completed, have a significant effect on travel time and vehicle operating cost.

- Vehicle Operating Cost (VOC) forms part of Road User Cost (RUC) along with Travel Time Cost. Vehicles travelling in congested traffic conditions have a significantly higher operating cost compared to driving during uncongested conditions. Even small improvements can have an enormous impact on VOC and benefit the economy.
- This project is in an urban setting, and all parts are already accessible by means of a local municipal network, which is entirely insufficient. Improving access will not only influence the RUC discussed above but will also provide new opportunities to entrepreneurs to create employment and to job seekers to access those opportunities efficiently.

Risk statement and sensitivity analysis

The Department of Infrastructure ensures that a risk management approach is maintained throughout the lifecycle of all projects. The current statuses of projects are continually monitored during the project stages as guided by the Infrastructure Delivery Management System.

Risk mitigation is a common practice in all Western Cape Government transport infrastructure projects. The unknowns in the various project stages lead to considerable risks that need to be managed in order to avoid negative impacts that may occur. Projects and project elements are assured based on an assurance methodology informed by matrices built from parameters such as advantages versus disadvantages, and intervention

performance versus cost (value for money). This approach is followed throughout all the project stages and continually monitored by officials given delegated authority. These officials are responsible for infrastructure delivery, which is fitting for the solution to the problem, timely, of adequate performance, and cost effective.

Throughout the project stages, risks are identified, analysed and evaluated to satisfy various regulatory requirements. Should there be a high risk of negative impacts on society, the environment and on the objectives of the project itself, risks are mitigated by means of alternative options and continuous monitoring of the ultimate option. Alternatives are accurately documented to provide sufficient information as to why the alternatives are technically, economically and environmentally feasible. Public participation processes play a key role in this comprehensive planning approach.

A Project Risk Register is referred to as an Annexure in the BFI 17 May 2024 submission, however, this was not included in the supporting documentation.

FINANCIAL REQUIREMENTS & FUNDING STRATEGIES

Total project cost breakdown; Funding sources; Revenue models; Innovative financing mechanisms.

Approximate Project Value: R1,27 billion. A breakdown of financials is referred to in Annexures to the BFI 17 May 2024 submission, however, this was not included in the support documentation.

Road infrastructure and other infrastructure developments are dependent on treasury funding and budgeting. The Western Cape Government also requires funding to maintain and expand their infrastructure delivery, the value of which is declared in the annual budget. The economic contribution of such projects is significant.

Expenditure Statement

The total cost of the R300 North Freeway Extension was not based on a R/km rate. It includes major concrete structures, large fills (interchange ramps) and relocation of services, which make it challenging to implement a R/km rate. For this reason, the cost for the project was based on schedules on a concept design level. Further refinement of these costs will occur as the designs progress to the detail design level.

Funding Statement

The Department of Infrastructure receives an annual budget of around R 10.3 billion, which is split across its various programmes as indicated in the table below (extract from Vote 10 Budget Document for Department of Infrastructure 2024/25).

As can be seen, Transport Infrastructure receives around R 5.2 billion of this, which is mainly composed of the Provincial Road Maintenance Grant (approx. R 1.6 billion) and the Equitable Share (R 3.6 billion). The rest of the Programmes include Public Works, Human Settlements and Community Based Programmes as indicated.

Transport Infrastructure comprises over 32 000 km of road network, which has to be managed on an annual basis. The maintenance backlog on the road network from a technical need assessment exceeds R 34 billion (refer to the Road Asset Management Plan for 2024/25 to 2033/34 in BFI Annexure 6). This backlog amounts to an annual maintenance intervention of over R 5 billion more than the current MTEF funding level invested in road maintenance over the next 10 years. Thus, based on available funding and resource optimisation for the Department, the Transport Infrastructure Branch spend in the medium to long term can mainly be focused on preventative maintenance and rehabilitation of ageing infrastructure.

The June and September 2023 floods have shown that climate change has a significant impact on the design, construction, maintenance, and operation of road infrastructure. Various roads on the network were closed, and the Department had to reallocate its resources to ensure that strategic roads were safe and accessible for the public. This effective action taken to respond to the flood damage showed the DOI's resilience and ability to face climate change on a strategic and tactical level.

However, several roads affected by these events still require permanent maintenance and repair. The success of these actions is contingent upon available funding and may take many years to complete, given the reduction in the overall transport infrastructure budget. The impact of flood damage on the road network has delayed scheduled maintenance work, as the flood damage necessitates immediate repair, further increasing the maintenance backlog.

OUTCOME							MEDIUM-TERM ESTIMATE			
Programme R'000				Main appropriation	Adjusted appropriation	Revised estimate	% Change from revised estimate			
	2020/21	2021/22	2022/23	2023/24	2023/24	2023/24	2024/25	2023/24	2025/26	2026/27
1. Administration	292 567	240 796	249 263	319 078	359 108	359 108	372 595	3.76	350 715	299 393
2. Public Works Infrastructure	2 309 446	2 389 412	2 246 941	2 296 667	2 261 937	2 261 937	2 406 366	6.39	2 436 741	2 549 736
3. Transport Infrastructure	3 071 150	3 409 326	3 898 872	4 589 129	4 430 930	4 430 930	5 186 190	17.05	4 120 014	3 919 201
4. Human Settlements	2 264 499	2 231 571	2 121 664	2 613 569	2 503 935	2 503 935	2 232 227	(10.85)	2 206 492	2 023 735
5. Community Based Programmes/EPWP	51 518	53 532	68 728	68 646	71 515	71 515	74 437	4.09	77 325	80 867
Total payments and estimates	7 989 180	8 324 637	8 585 468	9 887 089	9 627 425	9 627 425	10 271 815	6.69	9 191 287	8 872 932

Table: Summary of payments in Department of Infrastructure

The Department is therefore requesting National Treasury to support and assist with funding the implementation of the R300 North Freeway Extension, as the current baseline to fund the project with its own funds is insufficient. Requesting the Provincial Department to re-prioritise its baseline to fully fund Roads of National Significance, with a National Route function, is requesting the department to neglect its responsibility to maintain its current assets, of provincial significance, including rural areas in terms of the Government Immovable Asset Management Act (GIAMA), in favour of expanding infrastructure of National Significance. It is both unaffordable and not prudent or frugal from a financial management point of view, as the department is responsible for the entire provincial roads network, not just a singular programme, notwithstanding its importance, and it cannot be asked to neglect its legal obligations to that network by directing all of its funding towards one programme.

The Budget Statement shows the total immediate capital project cost of R1.27 billion. The Department has indicated and shown a commitment to contribute approximately 25% to this project, to ensure a balanced approach towards asset management on the entire road network within the province. In addition, it will take over the operational responsibility, ensuring the roadway is maintained from sources of funding dedicated to road maintenance. The Department will therefore require just over R1 billion from alternative sources of funding over the next 4-5 years to deliver the project.

Cash flow

A comprehensive account of the annual outflows of cash associated with the proposal as a result of capital operations activities over the full lifecycle of the asset is provided. Since the R300 North Freeway Extension is not envisaged to form part of a Toll Scheme, no direct cash income is expected.

Contingent Liability Statement

As prohibited by the PFMA (Public Finance Management Act), the Department of Infrastructure is unable to commit to a Funding Statement beyond the Medium-Term Expenditure Statement (MTEF). Any applications for liabilities and guarantees beyond this term need to be formalised and approved by the Minister of Finance in the Western Cape Government. ●

PROJECT FEASIBILITY, APPROVALS & INFRASTRUCTURE PLANNING

Feasibility study findings; Master plan integration; Alternative evaluation; Infrastructure planning and prioritisation.

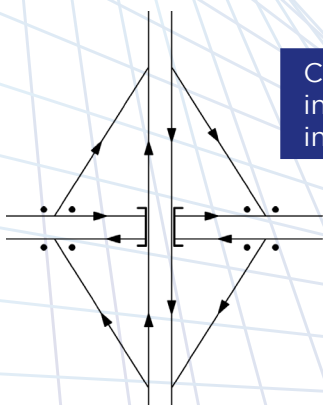
This project between the N1 and the urban edge of Durbanville is the first phase of the R300 North Extension project. The project is situated in an urbanised area with a road reserve that has been defined over time by adjacent development. The road reserve itself was proclaimed in 1973 and has been protected ever since. The project has undergone a rigorous feasibility and planning process designed to ensure that the initiative is technically sound, environmentally compliant, and operationally scalable. The design has been completed and the final BAR has been submitted to the Department of Environmental Affairs and Development Planning for approval, with authorisation expected by October 2025.

Options Considered

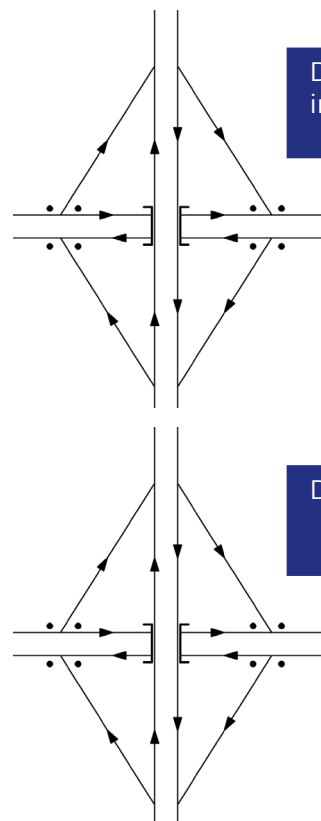
Various options were considered in the design, however, these did not deal with routes, as this was done 50 years ago, before the proclamation was gazetted. The options that were considered dealt with interchange configuration, bridge structure options, geotechnical foundation options, and vertical alignment.

Interchange configuration

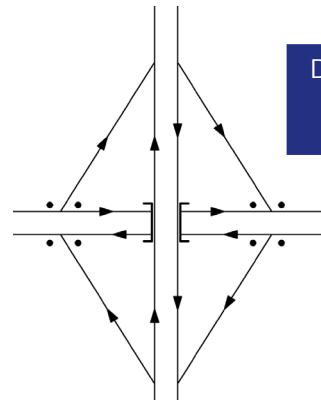
Three configurations were considered at each of the three interchange positions. These are conventional diamond interchanges, diamond/clover interchanges and diverging diamond interchanges. Schematics of each are shown below.



Conventional diamond interchange



Diamond/clover interchange



Diverging

The conventional diamond was considered the base alternative, with each of the remaining as potential future upgrades to increase the capacity of the interchange.

Bridge structure options

A full evaluation of bridge longitudinal configurations in combination with cross-sectional form was done. Cross-sectional efficiency in combination with span length and aesthetics result in various options to consider, and a full report was dedicated to this.

Geotechnical founding

During the geotechnical investigation, it became clear that founding conditions for the structures

would require piling. This is standard practice when bearing capacity is not available closer to natural ground level. Four different piling techniques were considered:

- Precast piles
- Continuous Flight Auger piles
- Driven Cast In-situ piles
- Auger piles

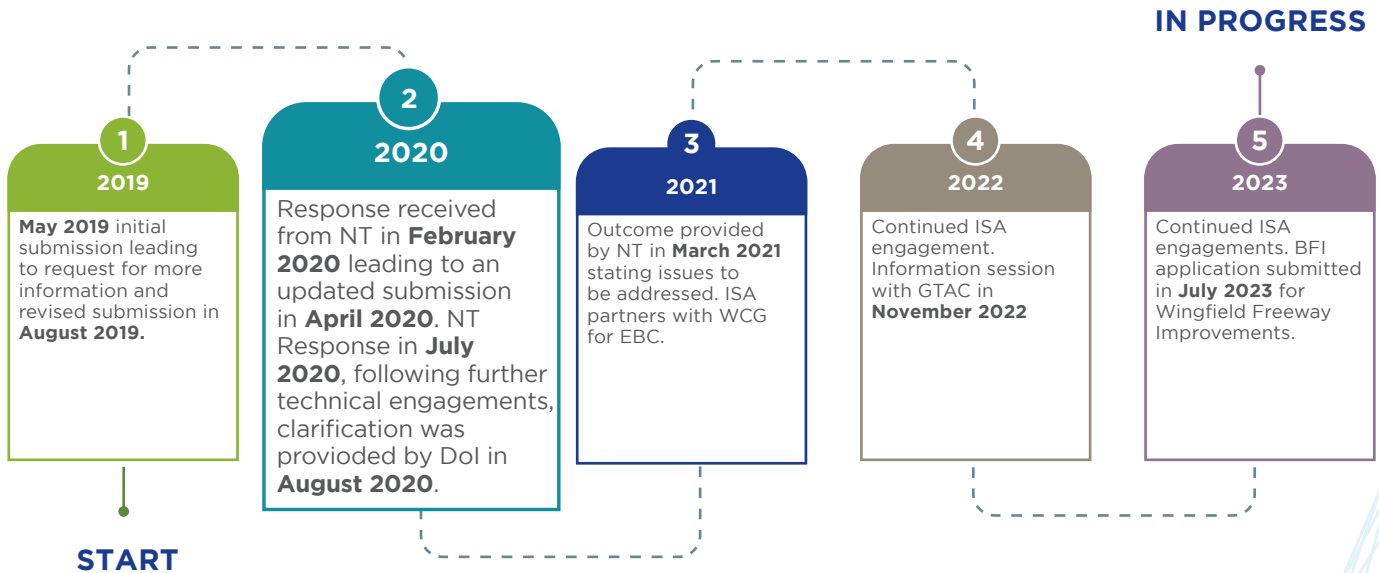
After considering the benefits of each option, it was decided to use Auger piles for this project.

Vertical alignment

The vertical alignment needed to consider the adjacent land use, as well as proper alignment for a freeway that allows free-flow speeds to be achieved and maintained. At interchanges, the question is whether the freeway should go over or under the crossing roadway. Each of these options was considered to arrive at the alignment currently being considered in the detail design stage.

Infrastructure Planning

The Department of Infrastructure has been deeply invested in the Budget Facility for Infrastructure (BFI) process since 2018, with its first submission in May 2019. A roadmap of the five-year process thus far is shown in the Figure below. Two programmes formed part of the submission, which were BFI-1924 Southern Growth Corridor (now Wingfield Freeway Improvements) and BFI-1923 Northern Growth Corridor (now N7 Corridor Improvements). It should be noted that the R300 North Freeway Extension formed part of the N7 Corridor Improvements, but is now treated as a separate submission due to its scale and standalone economic impact. ●



DELIVERY MECHANISM & PROCUREMENT STRATEGY

Phased implementation; Procurement methods; Bidding process; Supplier selection; Risk-sharing mechanisms.

The “Design by Employer” procurement method for the R300 North Freeway Extension Programme was decided on in 2019 (i.e. in the appointment of BVi), as it was the preferred choice at that stage of the project (i.e. for the establishment of the design brief). Projects are required to be “shovel-ready”, as stipulated in the BFI Framework, and the Department has invested in the planning and design phases to bring the project to implementation. The type of contract conditions for the implementation phases for this project is the only procurement aspect that can further be investigated.

Notably, the design and planning activities were performed in-house with the Professional Consultant Team in order to meet the first requirement of being “shovel-ready”. This was also the most cost-effective way to deal with this phase of the project. Given the interdependencies and touch points across Provincial, National and Local spheres of government projects and programmes impacted and/or affected, this approach was also the one that made the most sense.

This contracting strategy takes into account the full design and specifications being developed to enable the project to be priced. It also facilitates a process where the design meets the exact requirement of the employer, and very little scope for change, delay or disruption is allowed after awarding of the bid within the context of the contract, as far as these are foreseeable and avoidable.

This method also deals very strictly with the apportionment of risk from a contracting obligation and delivery risk point of view. Whilst this enables lump sum pricing strategies, it is equally conducive for the development and costing of bills of quantities, which, in the instance of the

Department, is the pricing strategy employed, in relation to the Contractor. On the other hand, the pricing methodology for the Professional team is on a percentage of the cost of construction basis.

This took due account of the fact that the Department has:

- Adequate in-house capacity and capability to undertake the design to brief consultants and oversee the design process.
- Adequate time to complete the design and associated documentation to call for tenders for the construction of the project.
- Confidence that the workflow associated with construction works is well understood internally and by the Professional Teams.
- A thorough understanding of the potential for sub-contracting possibilities within the project.
- Made allowance for scanning the environment where the project would be delivered, and potentially the kind of opportunities for Community participation, EPWP opportunities, training programmes, and local labour aspects to be considered.

The Department fully understands the different Contracting (Procurement) Strategies and considered each one individually, before concluding as set out above.

Procurement within the Department is controlled and follows stringent rules, which are outlined in the Western Cape Provincial Treasury Instructions, issued in terms of Section 18(2) of the Provincial Finance Management Act. It sets out the general legislative requirements that government must follow in issuing tenders and should be read in conjunction with the National Treasury Regulations and Framework for Infrastructure Delivery and

Procurement Management.

These guidelines and regulations indicate that a competitive bid tender process will be required for each of the project packages as outlined in this report. The tendering process will be in accordance with the standard contract forms and principles of the Construction Industry Development Board Standard. This approach will allow multiple contractors the opportunity to tender/bid for each package, and various nominated tenders/contractors will be appointed through this process.

All the packages for the project will provide Expanded Public Works Programme work opportunities, develop emerging Construction Industry Development Board contractors, and contribute towards black economic empowerment within the local communities. The contract documentation for each package will include specifications that cover the implementation of broad-based black economic empowerment (B-BBEE) in terms of the Broad-Based Black Empowerment Act No. 53 of 2003, the use and development of black enterprises and the engagement of targeted enterprises and targeted labour recruited from target areas. ●

PROJECT COMMUNICATION & STAKEHOLDER ENGAGEMENT

Investor engagement strategies; Community participation; Government and regulatory interactions.

The Principal Stakeholders in the R300 North Freeway Extension project are:

- The Department of Infrastructure's Infrastructure Branch's engineering consultant: BVi Consulting Engineers Western Cape (Pty) Ltd
- The City of Cape Town
- SANRAL

Other interested parties have been identified through legislated public participation processes that have already commenced. The results or feedback from these engagement and communication strategies have not been provided yet.

SPECIAL (E.G. GENDER) PROCUREMENT ACTIONS & SOCIAL IMPACT

Gender-responsive procurement; Social benefits; Sustainability and environmental compliance.

As indicated above, procurement follows stringent legislated rules and regulations. Special procurement policies will apply in accordance with the standard guidelines as contained in the legislated tender processes.

Social Benefits

The overall high-level economic benefits of the project were discussed in more detail earlier in Section 5: Economic and Commercial Viability. Looking at the findings of a Socio-Economic Assessment conducted as part of the project development, other socio-economic benefits include:

- **Unlocking growth potential and accelerating development**

This first phase of the R300 North traverses an area already developed and mostly residential. It is expected that a certain level of redevelopment will take place over time, with the possibility of increased density and commercial opportunities being generated. Increased density is also essential to the operation of public transport services, which are currently underdeveloped in the area in question.

- **An integrated city**

The project is designed to facilitate public transport as planned for by the City of Cape Town. Provision is made for the implementation of Bus Rapid Transit in future as well as Non-Motorised Transport (NMT) facilities for use by the local communities. The freeway, by nature, serves as a possible backbone for transit systems and is therefore a critical part of the development of such networks.

- **Road user safety**

It is a natural consequence to see increased road accidents when roadways are congested or when roadways are used in a way it was not intended for. Congestion leads to driver frustration and, along with poor driver discipline, leads to road accidents.

- **Time Savings**

Time spent in traffic by motorists adds to frustrations, as well as being unproductive time. Improving infrastructure to decrease time spent in traffic congestion will have a savings effect on travel time cost and contribute to economic benefit. ●

OPERATIONS & MAINTENANCE STRATEGY

Long-term asset management; Performance monitoring;
Digital technology leverage; Resilience planning and climate
adaptation.

This is a long-term project with the construction of Phase 1 expected to take 42 months for completion around December 2029. The Department of Infrastructure will take over the operational and maintenance responsibilities of the entire road network in the province after construction, utilising existing budgeted funds. Long-term asset management and performance monitoring are thus justifiably not explicitly discussed in the provided documentation. ●

CONCLUSION & CALL TO ACTION

Summary of investment benefits; Next steps; Contact details and proposal submission.

The R300 North Freeway Extension represents more than just a new stretch of road, it is a transformative investment in Cape Town's future. By enhancing regional connectivity, unlocking economic potential, and promoting inclusive mobility, the project stands to reshape the urban landscape and improve the quality of life for thousands of residents.

Its success, however, depends on more than engineering excellence. It requires a robust enabling environment, long-term asset stewardship, and active collaboration across government, private sector, and civil society. With careful planning, transparent governance, and sustained community engagement, the R300 North Extension can become a model of smart, sustainable infrastructure development.

Next Steps

The Design Spec and the Basic Assessment Report approvals required for procurement/tender processes are to be initiated.

Stage 4: Procurement is expected to kick off in July 2025 with the appointment of the Contractor between February and May 2026.

Stage 5: Construction is expected to start in June 2026 with a 42-month projected construction period to end in December 2029. ●

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