



**CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD**

ANNEXURE 34

CAPE TOWN STADIUM (CTS) (MUNICIPAL ENTITY) - BUSINESS PLAN

2022/23 BUDGET (MAY 2022)



BUSINESS PLAN

2022/23 - 2026/27

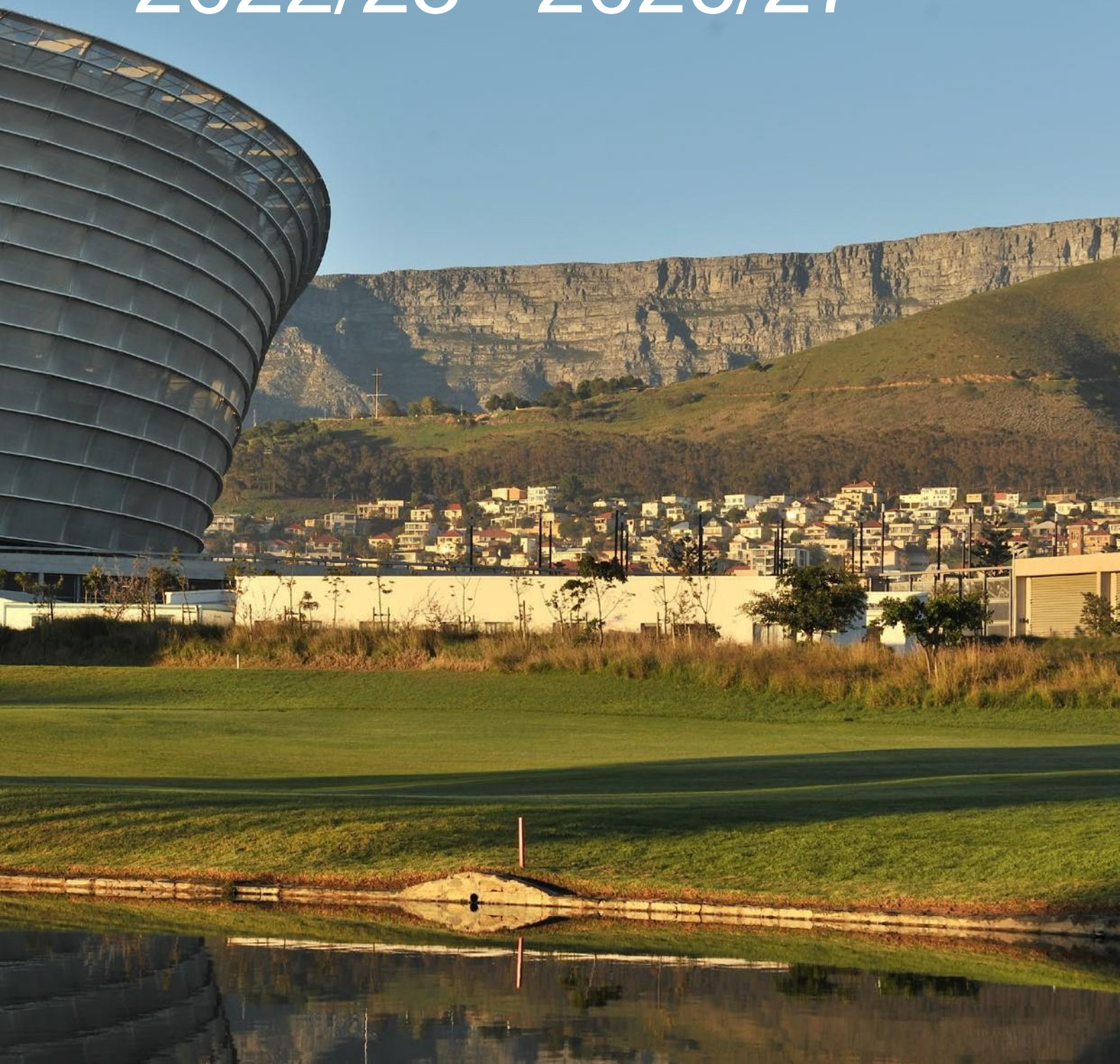


TABLE OF CONTENTS

1. EXECUTIVE SUMMARY	5
2. WHO WE ARE	14
3. GOVERNANCE	18
4. CAPE TOWN STADIUM (RF) SOC LTD – PURPOSE & SERVICE MANDATE	20
5. EXECUTION OF CAPE TOWN STADIUM (RF) SOC LTD SERVICE DELIVERY	
MANDATE	23
6. MACRO ENVIRONMENTAL ANALYSIS	27
7. SWOT ANALYSIS	30
8. DEPARTMENTAL PLANS	33
9. CAPE TOWN STADIUM (RF) SOC LTD BUDGET & FINANCIAL PROJECTIONS...	51

ANNEXURES

Annexure A:	Organizational Structure
Annexure B:	Service Delivery Budget Implementation Plan (“SDBIP”)
Annexure B1:	Scorecard Definitions
Annexure C1:	Financial Performance Budget
Annexure C2:	Financial Position
Annexure C3:	Cash Flow Statement
Annexure D:	Legal Framework
Annexure E:	Risk Register



1 EXECUTIVE SUMMARY



1 EXECUTIVE SUMMARY

1.1 INTRODUCTION

The Cape Town Stadium (RF) SOC Limited (“CTS RF”) is a Municipal Entity tasked with the management of the DHL Stadium, with the ultimate goal of becoming a financially independent and sustainable business through the commercialization of the asset.

The 2020/2021 financial year has been a challenging year for CTS (RF) as a result of the COVID 19 pandemic, with only a few events being hosted at DHL Stadium and those events that were hosted, done so without any spectators. CTS (RF) was however able to maximise revenues wherever the restrictive legislation allowed, and together with stringent budget cuts, were able to achieve short-term objectives without compromise to the longer-term sustainability. COVID 19 has resulted in a significant delay with regards to CTS (RF) implementing its strategy to become financially sustainable.

CTS (RF) has completed its third full annual financial cycle. The Board and management of CTS (RF) are pleased to report that during the 2020/21 financial year, the Municipal Entity (“ME”) has achieved and in some instances exceeded its projected performance and budgeted financial targets. A Service Delivery Agreement (“SDA”) in respect of its governance and management has been implemented by CTS (RF), as legislatively required in terms of the Municipal Financial Management Act, 2003 (“MFMA”).

The CTS (RF) Board of Directors (the Board) and Management were pleased that the Entity achieved an unqualified ‘clean’ audit report for the third full financial year of operations.

The mandate for the Entity is to be financially sustainable and, to this end, the Board approved commercialisation strategy, has been a focal point of the Entity during its current business cycle. With the successful appointment of our commercial service providers, the Entity is now well-positioned to implement the commercial event overlay. This implementation will see, in addition to rental and technical revenues, commercial revenues being generated from events hosted at the stadium. The success of the implementation of the commercial event overlay will be dependent on when COVID 19 restrictions will be lifted and normal business resumes at the stadium.

NAMING RIGHTS PARTNER

In 2021 CTS (RF) successfully secured DHL as the Naming Rights Partner for the stadium. The stadium will, for the next 4 years, be known as DHL Stadium. Together with the right to name the stadium, DHL has also secured a set of branding rights that will transform the stadium to a fully fledged, commercially branded stadium. While the name of the stadium has now changed to that of DHL Stadium, it is important to note that this does not affect the name of the ME, Cape Town Stadium (RF) SOC Limited, which remains unchanged.

The following CTS (RF) Board committees and sub-committees have been fully constitutionalized via the development and approval of Terms of Reference:

- Audit and Risk Committee
- Human Resource, Social & Ethics Sub-committee
- Events, Marketing & Communication Sub-committee
- Commercial Sub-committee

These committees have been effectively and diligently fulfilling their respective oversight roles.

An independent, experienced and outsourced company secretary has been appointed to support the Board and committees.

CTS (RF) is committed to upholding good ethical standards and the application of corporate governance principles in accordance with King IV. The Entity has adopted the King IV principles and will continue to conduct its business in an open, fair, responsible and transparent manner, with accountability attributed as relevant to the Board, management and staff members.

Retention and development of existing delivery-focused staff is a key focus area for CTS (RF), particularly with reference to the dynamic, implementation-orientated environment within which the business is operating. In this regard, and in terms of good corporate practice, a succession plan has been developed by management and approved by the Board. This plan will ensure that the business objectives are adequately supported in future years as the ME implements its commercial strategy.

The immediate objective is to ensure readiness for the return of spectators to stadiums. While the timeline to this remains unclear, we anticipate some form of spectator attendance in the first half of the 2022 calendar year.

The Entity is now entering into the commercial and financial sustainability phase of its business cycle, which is ultimately aimed at transforming the DHL Stadium into a valuable City asset.

1.2 LEGISLATIVE COMPLIANCE & POLICY FRAMEWORK

A final Service Delivery Agreement (“SDA”) between CTS (RF) and the City was signed on 15 November 2018. The business plans and Service Delivery Budget Implementation Plan (“SDBIP”) (Annexure B) targets and scorecards of the Entity have been developed to ensure focused implementation and execution of its legislative and contractual mandates, obligations and responsibilities.

Relevant policies were internally developed by CTS (RF) to ensure compliance with these legislative responsibilities. These policies were reviewed during the 2020/21 financial year and several new policies were drafted and approved by the Board. The policy framework aligns to the future ME objectives and will be updated from time to time as required in order to support the business as it grows.

1.3 FINANCIAL SUSTAINABILITY

As part of its drive towards financial sustainability and having recognized the fact that the number of spectators at events is the major driver of all commercial income streams at DHL Stadium, CTS (RF) is focusing on the following targeted operational areas:

- Activation of all potential income streams;
- Attracting events with a high spectator yield;
- Focusing its marketing initiatives towards increasing the number of events at DHL Stadium (including, but not limited to, bowl, non-bowl, and conferencing & banqueting, film shoots and product launch events);
- Optimizing utilization of budget and realizing savings where possible and appropriate.

1.4 COMMERCIALISATION MODEL

The Board has approved the implementation of the recommended partially outsourced commercialisation model, which, in essence, will see the majority of commercial opportunities being outsourced to specialists during years 1 – 4 and these same opportunities, following skills transfer, from years 5 – 6.

The commercialisation efforts are managed by a newly formed Commercial Department who in turn are responsible for the implementation of the strategy, as well as managing all outsourced service providers. The outsourced commercial opportunities include the commercialization of inter alia, naming rights, advertising rights, pouring rights, liquor distribution, hospitality, food and beverage and concessionaires.

The signing of a binding Heads of Agreement between the City and Western Province Rugby in 2019 was an important milestone and a core enabler to the commercialisation of CTS (RF). This enabled the appointment of the commercial service providers who will now support events hosted at DHL Stadium and in turn assist CTS (RF) achieving its revenue targets.

In pursuance of its commercial property initiatives, CTS (RF) has entered into a lease agreement with the City, which now allows it to sublet all available office and retail space in the stadium. A commercial strategy will be developed for the vacant space and potential usage of space within the building in order to best realise gain from this space over the future years.

With the securing of DHL as the Naming Rights Partner in July 2021, the ME will focus on the delivery of rights and media value in the coming years, in order to build future value.

The focus of the department in future years will be to continually assess changing markets and ensure the commercial strategy remains relevant, while capitalizing on opportunities with the primary objective of commercial gain.

1.5 EVENTS

DHL Stadium has maintained its position as a multi-functional facility and has hosted 105 multi-category events, during the 2020/21 financial year, broken down as follows:



The Entity has concluded several multi-year bowl event deals with; inter alia, major international concert promoters, World Rugby™, major Premier Soccer League (“PSL”) clubs and the South African Rugby Union (“SARU”). The stadium is also a regular annual host to the knockout stages of PSL major events.

The DHL Stadium is currently the host of the SA leg of the HSBC World Rugby Sevens Series and has in 2019 received the accolade of being the best event of the World Sevens™ Series. It will host the Cape Town leg of this event again in 2022.

DHL Stadium was also the proud host of the British Irish Lions Test Series during which we hosted five test matches against the springboks as well as a match against the DHL Stormers.

Reference is also made to the recent announcement that DHL Stadium will be the proud host of the Rugby Sevens World Cup™ in 2022 in addition to the HSBC World Rugby Sevens Series.

It remains a strategic priority of CTS (RF) to ensure the optimal use of the City’s major stadium asset through, amongst others, the creation of event use opportunities for both professional and non-professional (community/cultural) organizations and the professional delivery of its obligations to its valued international and local event organizer clients.

With the 2022/3 FY bowl calendar already full, the focus of the department will be to assist in the securing of events that align to our target markets for future years and ensure the successful delivery of events with the aim of securing repeat business, in turn leading to an events calendar that is secured well in advance of the year in question.

Whereas in the past, the ME focused purely on the number of events hosted as a measurement of success, in future the ME will focus on the number of events as well as the number of spectators as there is a direct correlation between the number of spectators and commercial opportunity.

1.6 MARKETING - “DHL STADIUM - SO MUCH MORE THAN JUST A STADIUM”

The credo “So much more than just a stadium” continues to hold for the DHL Stadium, affirming the confidence in being able to host any event no matter the complexities; making our clients’ vision a bespoke reality. This credo is a message, which has been deeply integrated into its daily business practices and is, inter alia, a core feature of our communication and PR strategy.

The Marketing, Brand and Events Acquisition Department will continue to focus its efforts on managing the DHL Stadium key marketing and brand components as well as procuring new events for the stadium. As part of this, the stand-alone DHL Stadium website and the Instagram account has proved vital tools for the showcasing of the DHL Stadium.

The focus of the department in the future years will be to assist in the positioning of the DHL Stadium both in South Africa and globally, with the aim of acquiring events that align to the identified target markets. This will be achieved through stakeholder engagement, owned marketing platforms and media exposure.

1.7 ORGANISATIONAL DESIGN & ALIGNMENT WITH BUSINESS GOALS

The Entity Board approved the new organizational design and the top structure has been appointed. The ME will continue to review the organizational structure over the future years as the entity's financial sustainability objectives are realized.

The Board has approved the revised organizational structure is set out in Annexure A.

1.8 HUMAN CAPITAL DEVELOPMENT

As a progressive organization, which prides itself in the well-being and development of its human capital, CTS (RF) is acutely aware that continuous training of its valued staff is essential to the successful delivery of its mandate.

The management of major stadia is a specialist, complex and dynamic area, which requires consistent growth of its staff, both as individuals and as a key component of the organization.

To achieve this, targeted training interventions as well team and organizational effectiveness assessments (and interventions where applicable) will be affected by the Entity during the period of this business plan.

1.9 OPERATIONS AND EVENTS

The Operations and Events Department was established in 2020. The primary mandate of this department is asset preservation, facility maintenance as well as, ensuring, and coordinating logistical, and event readiness.

A Maintenance Strategy and Plan has been implemented and is being diligently monitored to ensure the longevity of this asset. The regular compliments received in this regard from national and international users of the stadium bears testimony to the success of this programme. This strategy remains in place and will be monitored continuously through the next year.

This department also serves as the entry point for event clients who wish to use the venue and the movement of the events section into this sphere of operations has proven to be effective from the organizations restructuring integrations as well as a client service point of view.

ADDITIONAL HOSPITALITY SUITES

In line with international research and benchmarking of commercially successful international stadiums, the expansion of its in-stadium hospitality facilities at the DHL Stadium has been completed. This involved the design and construction of the additional suites at DHL Stadium. The Operations and Events Department managed the implementation of this strategic capital project.

The project increased the number of suites by 162, with the total suites available at the DHL Stadium now being 236. This is to cater for the requirements of Western Province Rugby and in anticipation of their move to DHL Stadium in line with the terms agreed between the parties.

These suites will be fully commercialized in the upcoming year as we on-board our anchor tenant and host full stadia events.

SASREA COMPLIANCE

CTS (RF) has applied for and has again received its Existing Stadium Safety and High-Risk Grading Certificate as contemplated in Section 8 of the Safety at Sports & Recreational Events Act, 2010 for DHL Stadium. The DHL Stadium is the only sport & recreational facility in the Western Cape Province categorized to host high-risk events.

The Operations and Events Department is currently in the process of applying for the SASREA required Section 10 stadium Alteration/Extension Safety Certificate in respect of its imminent additional suite capital project referred to in more detail later in this report.

1.10 AN ENVIRONMENTALLY SUSTAINABLE STADIUM

The Entity is currently and will continue to implement a number of initiatives to maximize the environmental sustainability of the asset and to comply with existing City, Provincial and National requirements and local environmental challenges.

These initiatives include, but are not limited to, the following implemented initiatives:

- Water conservation;
- Pitch Fertilization;
- Energy efficiency including “intelligent” LED Lighting systems;
- Waste management and cleaning.

The Operations and Events Department has developed an Event Environmental Sustainability Guide, aligned with ISO 20121. This Guide will be issued to all event organizers hosting events at the stadium to ensure compliance.

1.11 AUDIT OUTCOME

The Board and Management of CTS (RF) are proud to confirm that the Entity has achieved an unqualified audit report with no findings, i.e. clean audit, for its third consecutive year of operating as a Municipal Entity. The Entity will continue to strive towards ensuring that it consistently achieves unqualified audit reports in the future.

1.12 OUR CORE OBJECTIVE & GUIDING PRINCIPLES

DHL Stadium will focus on ensuring that the following core objectives and values of the organization are consistently applied.

VISION

To achieve global recognition as a major event hosting facility and become the premium venue of choice.

MISSION

As a leading international, multi-purpose events facility our objectives toward attaining our vision are:

- client service excellence through focused strategic purpose;
- team synergies;
- customer centricity;
- innovative approaches and
- environmental sustainability.

Our Mission Statement can be further refined as follows:

“CTS (RF) will continue to strive to achieve financial sustainability through the maximum possible leveraging of all commercial opportunities at the DHL Stadium”.



The Entity will deliver on its plan in a manner that is consistent with international environmental best practices. Furthermore, it will continue to contribute to the socio-economic well-being of the City by positively impacting the local economy (Inc. job creation, promotion of entrepreneurial endeavour & increased event-based tourism) through the hosting of major events as well as creating a safe and spectator-friendly environment where members of our Cape Town & Western Cape communities and international and national visitors can share in the DHL Stadium experience.

CORE VALUES

The following core values will continue to underpin the business of CTS (RF) as it transitions into a fully commercialized, major stadium business entity:

- Professionalism
- Integrity
- Customer centricity
- Respect
- Efficiency
- Versatility

BUSINESS ETHICS

The Entity is committed to developing and upholding an ethical business culture.

As stated in the Executive Summary, CTS (RF) has adopted the King IV principles and will continue to conduct its business in an open, fair, responsible and transparent manner, with accountability attributed to relevant Board, management and staff members.

GUIDING PRINCIPLES

In addition to the stated core business objectives and values, the Entity has adopted and will continue to comply with the following guiding principles drawn from the City's current 2017-2022 IDP. These guiding principles act, amongst others, as drivers for the implementation of its Business Plan:

- Good Governance
- Operational sustainability
- Forward-looking & globally competitive
- Customer centricity
- Resilience
- Transversal approach (improved integration, coordination and strategic alignment of departmental services)
- Economic inclusion
- Resource efficiency & security
- Environmental sustainability
- A safe & secure environment.

The CTS (RF) Board has approved the internally developed Code of Ethics Policy. It serves as the guiding light for the ethical operational practices, which permeate the organization.

1.13 STRATEGIC ALIGNMENT TO THE CITY'S INTEGRATED DEVELOPMENT PLAN (IDP)

CTS (RF) will continue to conduct its business in accordance with the priorities (objectives) and foundations of the City's current 2022 - 2027 IDP.

The business planning of all CTS (RF) Departments are aligned with the following City of Cape Town Strategic Focus Areas:

OBJECTIVE 16: A CAPABLE AND COLLABORATIVE CITY GOVERNMENT

16.1 Operational sustainability programme

16.2 Modernised and adaptive government

PRIORITY/FOUNDATION: PUBLIC SPACE ENVIRONMENT AND AMENITIES

Objective 11: Quality and safe, parks and recreations facilities supported by community partnership

11.1 Quality social facilities programme

PRIORITY/FOUNDATION: ECONOMIC GROWTH

Objective 1. Increase jobs and investment within the Cape Town economy

1.3 Economic development and growth



CAPE TOWN STADIUM

2 WHO WE ARE



2 WHO WE ARE

CTS (RF), the Municipal Entity, commenced business operations on 01 February 2018. The Entity has successfully completed its third full financial cycle and has been operating within the mandate as captured in the SDA between the Entity and the City.

2.1 SHAREHOLDING

The City is currently the sole owner (100% shareholder) of the company CTS (RF), Reg. NO: 2017/488432) which houses the Municipal Entity. Notwithstanding its sole ownership of the entity, the City has elected to appoint a Board comprising of non-executive directors with a combination of appropriate experience and professional skills. These non-executive directors were drawn by the City from the ranks of the Cape Town private sector. CTS (RF) has been mandated by its 100% shareholder, inter alia, with the full commercialization of DHL Stadium.

2.2 BOARD OF DIRECTORS

As stated above, the Entity retains an experienced Board of non-executive Directors who perform an oversight function over the governance and business affairs of CTS (RF) as contemplated by the Companies Act, 2008 (Act No. 71 of 2008); the Memorandum of incorporation (“MOI”) of the Entity, the City contractual mandate set out in the SDA and the principles enshrined in King IV.

The strategic focus of the Board remains the maximization of its commercial potential and the alignment with and promotion of the core drivers of the City’s current Integrated Development Plan that will ensure the Entity’s drive towards financial sustainability.

2.3 COMMITTEE AND SUBCOMMITTEES

The following CTS (RF) Board sub-committees have been established and have continued to perform their respective functions in terms of the relevant Board approved Terms of Reference, Board directives, applicable law and the principles enshrined in King IV:

Audit & Risk Committee

- Ms. Viola Manuel (Chairman)
- Mr. Johan Dique
- Mr. Prittish Dala (Independent)
- Mr. Tom Blok (Independent)
- Ms. Lindiwe Ndaba (External)

HR, Social & Ethics Subcommittee

- Mr. Samkelo Blom (Chairman)
- Ms. Limia Essop
- Mr. Peter-John Veldhuizen
- Ms. Viola Manuel

Events, Marketing & Communication Subcommittee

- Mr. Martin van Staden (Chairman)
- Ms. Viola Manuel
- Ms. Limia Essop

Commercial Subcommittee

- Mr. Johan Dique (Chairman)
- Mr. Peter-John Veldhuizen
- Ms. Viola Manuel
- Mr. Martin van Staden

The tenure of the Board of Directors was renewed on 1 November 2020 for an additional three years. The Entity is entering a critical phase in its business with commercial initiatives and income streams being activated. The current Board of Directors were intimately involved in these processes and extending their tenure will ensure business continuity as well as the retaining of knowledge and experience gained during the last three years.

2.4 KEY STAKEHOLDERS

The business of DHL Stadium continues to enjoy the support of and conducts its business with an ever-expanding range of stakeholders and stakeholder groups. These include:

Governance <ul style="list-style-type: none"> • The City of Cape Town • The Western Cape Government • CTS (RF) Board Members 	DHL Stadium Staff <ul style="list-style-type: none"> • Full-time staff • Fixed term contract staff • Casual event staff
Clients/Customers <ul style="list-style-type: none"> • Spectators/event attendees • International Sports & Entertainment Rights Holders • Local Sports & Entertainment Rights Holders • International & domestic sports & recreational controlling bodies • Professional Sports Franchises (e.g. WPR, CT City, Kaizer Chiefs FC) • International & local music concert promoters & managers • International & local event organizers/managers • International & local production companies • International & local sponsors • International & local corporates • International & local advertising companies • International & local members of the motion picture (film) industry • Cultural organizations • Religious groups • Political organizations • National and International Conference (PCO's) Organizers • Anchor Tenant 	Media <ul style="list-style-type: none"> • International & local print media • International & local broadcast media (TV & Radio) • Industry and mainstream online media • Social media platforms • Regional news media • Regional radio stations General Public <ul style="list-style-type: none"> • Ratepayers organizations • Cape Town community • Western Cape Community • National and International visitors Business Partners/Associates <ul style="list-style-type: none"> • 3rd party professional service providers • 3rd party vendors/suppliers Sponsorship/partners <ul style="list-style-type: none"> • Naming rights partner



3 GOVERNANCE



3 GOVERNANCE

3.1 KING IV

As an organization, CTS (RF), its Board of Directors and management have adopted and will continue to conduct its business operations within the ethical, moral & compliance principles as set out in King IV. The Entity's Board, its members and management will continue to place a strong focus on the upholding of high standards of corporate ethics, fiscal management and corruption-free practices.

3.2 POLICY MAKING

The CTS (RF) Board will continue to actively, with the assistance of management, develop and approve corporate business policies for the Entity, which are aligned with the principles enshrined in King IV.

Three new policies were developed and approved by the Board during the current 2020/21 financial year:

- Risk Acceptance/ Risk Tolerance Level Policy
- Petty Cash Policy
- Environmental and Events Sustainability Policy

The following existing policies were reviewed and amended where appropriate and approved by the Board:

- Directors and Audit Committee Members' Remuneration Policy;
- Supply Chain Management ("SCM") Policy.

Furthermore, the annual review of the following existing policies was concluded with no amendments:

- Code of Ethics Policy;
- Health & Safety Policy & Standard Operating Procedures;
- Entertainment Policy;
- Hospitality Suite Policy;
- Business Travel & Subsistence Policy;
- Gift Policy;
- Cost Containment Policy;
- Virement Policy;
- Reboot Policy;
- Suite Policy.

In addition to the above, the Entities management developed and the Board approved the Terms of References for the various Committees and sub-committees referred to above. The management team is continuously assessing the content of all its policies and ensures implementation by all departments.



4 CTS (RF) – PURPOSE & SERVICE MANDATE



4 CTS (RF) – PURPOSE & SERVICE MANDATE

4.1 KEY ASPECTS OF REQUIRED SERVICE DELIVERY

As previously reported, a final SDA was signed between the City and CTS (RF) on 15 November 2018. CTS (RF) continues to comply with its contractual obligations set out therein.

4.2 SERVICE DELIVERY AGREEMENT BETWEEN THE CITY AND THE CTS (RF)

The salient provisions of the SDA between the City and CTS (RF), are captured in the following table:

SE TABLE 1 – CTS (RF) ME SDA OVERVIEW

Period of agreement	The period of agreement is 50 years from commencement date. The City may, at its sole discretion, extend the Service Provider's (ME's) appointment for a further period of 49 years.
Funding	The City will provide the grant allocation to cover the Entities operational expenditure in terms of an approved budget and provide support services. The stadium will be responsible for all maintenance, which will be based on the City's maintenance standards. The City will be liable for all capital expenditure, including additional hospitality suites.
Staffing	The City will second staff members to the Entity with the concurrence of the staff members concerned. Staff currently employed at CTS (RF) will remain as City employees, will be paid by the City and will receive their standard benefits including bonuses and leave pay. The ME may appoint additional staff.
Services to be Provided	<ul style="list-style-type: none"> • General facility maintenance & event support operations • Events and entertainment services management • Commercialization, marketing and hospitality management • Finance, legal and administration management
Ownership and Control	The City of Cape Town is 100% shareholder.
Oversight Processes	The Finance Directorate (Treasury Department) of the City monitors the SDA and related performance and compliance of the municipal entity.
City's Obligations	The City must provide dedicated and prioritized support with regards to accounting, financial management and budgeting per MFMA, including utilization of the SAP (Systems, Applications and Products) System as used by the City and Supply Chain Management support, legal, company secretary, brand management and communication. In addition, the City must provide dedicated and prioritized services regarding human resource management support, as well as internal audit and risk management support including oversight over the service provider's audit committee.

The following operational deliverables in terms of the SDA continue to be executed in terms of the provisions of the SDA between the City and CTS (RF):

4.2.1 GENERAL FACILITY OPERATIONS

Asset management and maintenance: ICT services and infrastructure support (including ticketing infrastructure, advertising, audio-visual), safety and security, capital projects, refurbishment and investment projects infrastructure.

4.2.2 EVENTS AND ENTERTAINMENT SERVICES MANAGEMENT

Bowl and non-bowl event scheduling; planning and execution; development and hosting of signature events; managing of events industry and service provider requirement; events leveraging and bidding processes, etc..

4.2.3 COMMERCIALISATION, MARKETING AND HOSPITALITY MANAGEMENT

Advertising; merchandising; supplier and pouring rights; ticketing; hospitality; sponsorships; tourism; marketing of bowl and non-bowl facilities; property development and management; commercial legal services.

4.2.4 INTERNAL COMPANY SERVICES MANAGEMENT

Establishment and management of structures, systems and processes relating to legal, governance, compliance, HR, administration, and such additional services as the City may require from time to time.



5 EXECUTION OF CTS (RF) SERVICE DELIVERY MANDATE

5 EXECUTION OF CTS (RF) SERVICE DELIVERY MANDATE

5.1 COMMERCIAL

The Commercial Department was established in February 2020. This follows the Board approval of the Commercial Strategy, which involves the outsourcing of certain functions. A number of initiatives have been implemented to commercialize the stadium. Seven tenders were drafted and awarded to implement the Commercial Strategy.

These included:

- Concessionaires for Food, non-alcoholic and alcoholic beverages;
- Hospitality and Conferencing services;
- Product and Pouring Rights suppliers
- Liquor Distribution Agent

Aside from these appointments, an agency was also appointed for the sale of advertising inventory at the stadium. The appointment of these aforementioned service providers (12 in total) forms the basis on which the DHL Stadium will be commercialised over the next few years.

The Naming Rights Partner has been secured, seeing the stadium officially change its name to that of DHL Stadium.

IDENTIFICATION OF FULL SPREAD OF COMMERCIAL OPPORTUNITIES CURRENTLY AVAILABLE AT DHL STADIUM

<ul style="list-style-type: none"> • Naming Rights Partnership • Stadium bowl quadrant/stand sponsorships • Hospitality, catering & banqueting services • Liquor warehousing & liquor distribution • General food & beverage concessions • Activation of Commercial Parking opportunity • Leasing of office & retail space inventory • Event-related equipment and asset rentals 	<ul style="list-style-type: none"> • Pitch level & first-tier electronic (LED) advertising • Pouring rights sponsorships • Value in Kind & preferred product suppliers • Event day acquisition & hosting • DHL Stadium ticketing & hospitality sales • Commercialization of commercial & retail office space inventory • Conferencing & banqueting services • Film & advertising shoot rentals & support services
--	---

The above-mentioned will allow for implementing the full commercial overlay for events at the DHL Stadium.

5.2 OPERATIONS & EVENTS

The Operations and Events Department are the custodians of all stadium operational matters specific to infrastructure, facilities, ICT, Events and Safety and Security Management.

The Department supports the service delivery mandate through the implementation of board-approved strategies namely:

- The Integrated Events Strategy
- The Environmental and Event Sustainability Strategy and Policy Directive
- The Facilities Maintenance Strategy
- Health and Safety Policy

Aside from these strategies, the Department will ensure an integrated approach towards the realisation and implementation of these strategies through

- Joint planning across all departments enhances operational efficiency and effectiveness.
- Introduction of Project Management principles and processes;
- The articulation, development and application of tracking and monitoring tools to ensure accurate reporting.
- The development of operational plans and guidelines associated with event operations.
- The introduction of operational policy

5.3 MARKETING, BRAND AND EVENT ACQUISITION

The Marketing Department will continue the implementation of the following developed, board-approved strategies, plans and activities:

- Social Media Strategy;
- Brand Management Strategy;
- Marketing Strategy; and
- The leveraging of the DHL Stadium website and that of its third-party partners

The department will continue to work with the anchor tenants to ensure that communication and marketing plans align for the promotion of events at the DHL Stadium.

A continued effort from this department will also be placed on supporting the acquisition of events, promotion of events and the stadium's commercial efforts.

5.4 INTERNAL COMPANY SERVICES

The Internal Company Service Department will continue to provide support to all departments.

The focus for the year will be the coordination of training opportunities for staff, tailoring contractual agreements to ensure alignment with the commercial initiatives, and all other HR Related aspects.

This function will continue to facilitate the performance management processes and corporate reporting to ensure both technical compliance as well as compliance with legislative timelines.

In addition, this department manages and monitors performance of the appointed Company Secretariat to ensure compliance as per their tender specifications and specific committee requirements.

5.5 FINANCE

The Finance Department will continue providing support to all the operational departments. The key focus for the year was the procurement, development and implementation of the new finance system. The new finance system will be utilized to record, reconcile and report on all the new commercial revenue streams.

The Finance Department also supported the operational team with successfully developing the Entities own contract management system, which is now being fully implemented. The department provides day-to-day operational support to all the other departments, which include all the necessary financial support at a transactional level. There is also a requirement for the finance department to provide various financial reports on a monthly and quarterly basis to both management and the board. Compliance financial reporting in terms of National Treasury Financial Reports and the MFMA are key deliverables for the department and are strictly adhered to at all times.

The department prepares its budgets and adjustment budgets for CTS (RF) according to the MFMA budget cycle. The department furthermore regularly prepares financial projections, which are utilized to monitor both income and expenditure. The department regularly assesses and monitors the financial risks that have been identified and where new risks are identified these would be added to the risk register.



6 MACRO ENVIRONMENTAL ANALYSIS

6 MACRO ENVIRONMENTAL ANALYSIS

A review and update of the current high-level macro-environmental (PESTEL) operating environment analysis, outside of the control of CTS (RF), originally undertaken in terms of the previous 2020/21 business-planning period was re-visited and updated for the current DHL Stadium financial year. Amendments to the PESTEL analysis in respect of the impacts of the current and potential operating environment of DHL Stadium, the core business of the Entity, on its business operations have been executed in terms of the original analysis.



Reference: www.business-to-you.com/scanning-the-environment-pestel-analysis/

The high-level findings of the updated PESTEL analysis were as follows:

6.1 POLITICAL

- South Africa's global reputation in light of state capture, corruption and political instability
- Continued implementation of restrictions through the Disaster Management Act 57 of 2002 by the National Government and the impact on business

6.2 ECONOMIC

- Covid19 restrictions and the impact on the global events industry including the ability/inability for artists to tour South Africa
- Weakened global and South African economy due to Covid19
- High unemployment in South Africa and reduced spending power/disposable income in the face of higher inflation
- South Africa's sovereign credit rating "junk" status and the negative impact on investment
- Instability of ESKOM and the continued implementation of "load shedding" in South Africa

6.3 SOCIAL

- "Active Citizenship" with society being more vocal and outspoken, expressing their views on points of interest
- Behavioural changes brought about by Covid19 and social distancing
- Flexible work practices lead to a greater number of people working from home/remotely
- High crime rates in South Africa influence the safety of the general public
- World-wide vaccination drive and the efficacy of stemming Covid19

6.4 TECHNOLOGICAL

- A digital connection has become the norm - a way of life around the world
- Social media and integrated online solutions have become the norm driving digital solutions for consumer engagement
- Increase in cyber threats and the need to protect data

6.5 ENVIRONMENTAL

- Climate change awareness continues to grow globally
- An increase in environmentally conscious practice, in turn, changes consumer behaviour
- Increase in legislation and corporate responsibility towards the environment

6.6 LEGAL

- Implementation of the Protection of Personal Information Act (POPIA)
- Insurance framework and the changing landscape due to POPIA and Covid19
- Strongly regulated legislative framework of National Government, Local Government and SASREA
- Covid 19 regulatory legislation

adidas

CAPE TOWN STADIUM

7

SWOT ANALYSIS



7 SWOT ANALYSIS

The SWOT analysis of the current CTS (RF) Business Plan and the environment of DHL Stadium have been re-assessed and has been updated as follows:

Strengths	Weaknesses
<ul style="list-style-type: none"> • World-class, multi-purpose facility; • Accessibility & location; • Excellent track record in hosting a variety of events successfully; • Strong relationships with Event Organisers, both locally and internationally; • Long term agreements with anchor tenants; • Strong corporate governance and Board of Directors; • Competent staff; • SASREA knowledge and the application thereof; • Industry respected Commercial and Technical Service Providers; • Support of the City of Cape Town • Well run City and Province with stable government structures ; • Centralised location in a popular and safe suburb and surrounds; • Good access to public transport and extensive parking facilities; • Well maintained infrastructure and pleasant spectator environment/amenities; • Proactive and competent Board and Senior Management structures; • Ability to implement bio secure bubble 	<ul style="list-style-type: none"> • Budget constraints brought on by a loss of revenue due to Covid19; • Inability to respond to the imminent need brought on by Covid19 to re-engineer business process, technology and infrastructure due to budget constraints; • Dependence on ESKOM and the cost of utility services; • Increase the number of urban street dwellers due to Covid19; • Safety and hygiene conditions in areas immediately surrounding the precinct outside of DHL Stadium control; • An ageing asset that requires constant capital investment to remain, world-class, • Ability to respond rapidly to technological advances due to prohibitive costs; • Limited pool of new, potential Event Organisers/Tournament Organisers that can fill the Bowl; • Challenges to get PSL spectators back into Stadia

Opportunities

- Implementation of commercial event overlay and securing revenues for CTS (RF);
- Implementation and promotion of environmental plans and actions;
- Greater collaboration with the City re their objectives of acquiring major events and being a “World Class City”;
- Respond to the changing events environment by offering more services to Event Organisers and Promoters;
- Position and the brand with Naming Rights and Anchor Tenant Partners as one that is vibrant and successful;
- Realising other commercial opportunities beyond event-related initiatives;
- Drive commercial agenda to become financially sustainable and a fully independent Municipal Entity;
- Secure commercial partners that assist in long term technology requirements
- Creation of new events;
- A resurgence of events and spectator engagement;
- Events acquisition strategy in line with target markets identified and maximisation of all available commercial spaces;
- Implementation of Integrated management approach to unlock identified opportunities;
- Synergy with the City of Cape Town - joint strategic initiatives to attract future major domestic and international events to the stadium;
- Potential long-term relationships with sports codes and event promoters.

Threats

- Continued implementation of National Legislation preventing the hosting of events with spectators
- Inability to travel to or lack of desire for international artists to tour to Cape Town/South Africa
- Increased risk of outdated technology
- Cyber security and the ability to protect data
- General Public perception of their safety at mass gatherings
- Collapse of Event Organiser supply chain due to broader industry collapse
- Increased risk of social activism at events
- Forecasting inaccurately over the next 3 years due to uncertainties
- On-going poor local economic climate;
- Bidding and hosting strategies of other SA Cities and the competitive environment this creates;



CAPE TOWN STADIUM

8 DEPARTMENTAL PLANS

8 DEPARTMENTAL PLANS

8.1 MARKETING, BRAND AND EVENTS ACQUISITIONS

8.1.1 DEPARTMENTAL MANDATE

This department will continue in its efforts to implement its mandate as follows:

- Be the driving force behind all marketing and brand activations, which align with the objectives of the Entity;
- The acquisition of profitable events;
- Collaborate with DHL and WP Rugby to ensure joint marketing and communication plans are effectively executed;
- Contribute to support the Entities commercialisation initiatives.

8.1.2 OVERVIEW

The Integrated Brand Management, Niche Marketing, PR, and Communications Strategy was originally developed and approved by the CTS (RF) Board for implementation during the 2019-2022 business-planning period. However, the department has made the necessary amendments to the strategy, which will allow it to remain in place for the upcoming financial year despite the challenges faced due to the ongoing Covid-19 pandemic.

The department has taken the impact of Covid-19 into consideration in order to plan for the upcoming financial year. The following strategic areas will be a focus in the upcoming year:

- Alignment of brand, vision and objectives as the ME becomes financially independent of the City;
- Redesign marketing collateral so it is representative of the future position of the stadium with regards to anchor tenancy, naming rights and commercial objectives;
- Support the effort of event acquisition through targeted marketing initiatives both internationally and locally;
- To grow the audience within our circle of influence including key stakeholders and Event Organizers;
- Continue to utilize owned media communication platforms to actively promote DHL Stadium and our objectives effectively.

These communication platforms will, inter alia, continue to be utilized as follows:

- To build, grow and retain an interactive virtual audience on Instagram
- To increase the unique user visits per month to the stadium website
- Communicate effectively on latest developments, offerings and news to all stakeholders of DHL Stadium
- Continuously generate a positive public sentiment on all communication platforms through, inter alia, prompt and efficient community management, escalations processes, and effective resolutions process
- To support inter-department objectives which align and support the Entity's key objective of becoming a financially sustainable entity

The roll-out of DHL Stadium's Integrated Brand, Niche Marketing, PR and Communications strategy has remained focused on establishing DHL Stadium as a leading world-class event hosting facility and becoming the premier major international and domestic sporting and recreational venue of choice of domestic and international major event Organisers.

8.1.3 GOVERNANCE

The Integrated Brand Management, Niche Marketing, PR, and Communications Strategy that is in place for the current financial year will serve as an overarching strategy for the following:

- Public Relations and Media Strategy
- Social Media Strategy
- Brand Management Strategy

The above-mentioned mentioned strategies have been approved by the CTS (RF) Board and are currently being rolled out by the department. These strategies will be further implemented during the upcoming 2022/23 financial year.

8.1.4 HIGHLIGHTS

We will continue to build upon the highlights of the Marketing, Brand, and Events Acquisition Department of the Entity achieved to date:

- The development and implementation of an interactive social media strategy with the aim of creating and retaining an engaging virtual audience;
- The implementation of a quarterly newsletter, which acts as a communication platform between DHL Stadium and that of its stakeholders;
- The upgrading of the DHL Stadium website and the ongoing administration thereof. This remains the single point of entry into the business of DHL Stadium for all event booking requirements;
- Active and continued promotion of the DHL Stadium unique selling points, latest developments and offerings across multiple platforms;
- Development and effective delivery of the brand's new corporate identity across internal departments and external stakeholders

8.1.5 IMPLEMENTATION PLAN FOR 2022/23

Implementation of the DHL Stadium Integrated Brand Management, Niche Marketing, PR and Communications Strategy along with the specific strategies mentioned above will continue, as set out below:

- Increasing brand awareness of the DHL Stadium across various online platforms both owned and supported by third-party partners. These platforms will be utilized to extensively market and showcase the DHL Stadium as a multi-purpose eventing space for the local and international market;
- Create a strong and inclusive corporate brand identity, which is easily supported and recognised by the public;
- Establish the DHL Stadium as a leading multi-faceted event space and to be known as an asset to our city;

- Influencing public perception to instill confidence that the DHL Stadium is well on its way to becoming a financially sustainable entity. This will be done by leveraging off premium anchor tenants to DHL Stadium as well as effective marketing and promotion of upcoming bowl and non-bowl events taking place at DHL Stadium;
- Effectively promote and communicate all-new offerings including hospitality experiences at the DHL Stadium;
- Grow the DHL Stadium social media accounts with the aim of establishing and maintaining a brand loyal fan base;
- Grow the DHL Stadium's presence in the media with the support of a third-party PR service provider;
- Support the operational aspirations of the Municipal Entity (and the interdependent Events and Commercialisation strategies) of guiding the Stadium toward being a profitable asset;
- Support the delivery of the naming rights and create value through marketing initiatives;
- Collaborate with anchor tenant and other Event Organisers in marketing and promotional initiatives.



8.2 COMMERCIALISATION

8.2.1 DEPARTMENTAL MANDATE

The Commercial Department is responsible for the development and implementation of the commercial strategy to maximise commercial revenues while taking into account the broader objectives of DHL Stadium.

8.2.2 OVERVIEW

At the core of the commercialisation of DHL Stadium is the acquisition, hosting and retention of events in line with the identified target markets. The nature and frequency of events will dictate the success of the commercialisation of DHL Stadium.

While COVID19 and the restrictions of hosting events severely limited DHL Stadium from implementing the commercial strategy, best use was made of the opportunities that presented themselves, securing broadcast fixtures and events that were permissible during the Disaster Management Act 58 (2002) legislation.

The Commercial Department utilised the time to ensure the awarding of the required tenders to implement the commercial overlay was concluded and that the basis for the commercial strategy was implemented to capitalise on the return of events and spectators to stadiums.

8.2.3 GOVERNANCE

The Commercial Department reports quarterly to the Commercial Sub-Committee of the Board of Directors and meets all reporting requirements. In line with this, the Commercial Strategy was re-drafted to align to the Integrated Events Strategy and the Events Acquisition Strategy - both strategies drafted after the Commercial Strategy was implemented. This ensures alignment between objectives that are linked to the Commercial Strategy to ensure the most efficient and effective implementation of strategic focus.

The Commercial Department completed the specifications for and awarded six income-based tenders - in line with legislation and supply chain management policy. The seventh tender for the sale of advertising and other inventory is a rate based tender with commission payable on all deals concluded by the service provider.

The Department is also in the process of drafting Standard Operating Procedures for all service providers, a process that will be completed by the end of the financial year and implemented henceforth.

8.2.4 HIGHLIGHTS

- **COMMERCIAL EVENT OVERLAY:**

Six tenders were successfully awarded to appoint 11 service providers who will deliver services to spectators and hospitality guests at the stadium in the future.

- **NAMING RIGHTS:**

A 4-year agreement was signed between CTS (RF) and DHL, effective from 1 July 2021, whereby DHL has secured the Naming Rights to the now DHL Stadium. This includes a set of rights that will offer DHL the opportunity to display its brand in various areas of the stadium, as well as secure a suite and activation rights at the stadium.

- **SALE OF ADVERTISING INVENTORY:**

An agent, Treble Entertainment, has been secured to sell the advertising inventory of the stadium. The commercial value of the inventory has been independently verified and the Naming Rights Partners inventory ring-fenced. This inventory will be taken to market in the next year.

- **SECURING ANCHOR TENANT:**

Following the signing of the binding Heads of Agreement between the City and Western Province Rugby in November 2019, we anticipate that the anchor tenant agreement which is an amplification of this Heads of Agreement will be concluded before the end of the 2022 financial year. WP Rugby has begun playing matches at the stadium and a working relationship has been established between the stadium and WP Rugby.

8.2.5 IMPLEMENTATION PLAN FOR 2022/23

With the successful appointment of our commercial service providers, we are now well-positioned to implement the commercial event overlay. This implementation will see, in addition to rental and technical revenues, commercial revenues being generated from events hosted at DHL Stadium.

- Hospitality Provider: Circa Entertainment
- Liquor Distribution: Circa Entertainment
- Concessionaire (public bars): Treble Entertainment, Circa Entertainment
- Pouring Rights: South African Breweries
- Product Suppliers: Dairy Maid Ice Cream, Costa Coffee, Twizza Cooldrinks, J&M Famous Biltong, Red Bull Energy Drinks.

This now allows us to rent the stadium with the commercial overlay in place - offering far more support to Event Organisers in the services we can render to them.

These awarded contracts terminate in June 2023. The exercise of tendering all portfolios again will commence in July 2022, giving a year to complete specifications, evaluate and award tenders. Learnings will be taken from the initial specifications to ensure that the new round of tender specifications is relevant to the business.

NAMING RIGHTS

The naming rights contract with DHL has been successfully concluded. This agreement will see the stadium being known as DHL Stadium for the next 4 years. The focus over the next year will move to ensure all rights are delivered in line with the contractual obligations and that value is maximised for DHL, particularly with regards to broadcast exposure.

A strong working relationship has developed between the Entity staff and DHL and we intend to build on this relationship to develop a strong partnership that offers value to both.

With the termination of this contract being June 2025, all processes for the evaluation of rights delivery will be implemented in the 2022/23 financial year to accurately evaluate the value proposition in the 2023/24 financial year, well in advance of the end of this contract.

SALE OF ADVERTISING INVENTORY

The advertising inventory has been valued independently by Nielsen Sport, a reputable, independent agency that evaluates sporting rights globally. Over the next year, these rights will be taken to market and sold by our appointed agency, to maximise the exposure value for those who purchase advertising rights. This process will see the stadium change from a “clean” stadium with no visible branding to one that has a variety of brands advertising in DHL Stadium, as seen in most world-class stadia.

ANCHOR TENANTS

While WP Rugby has already commenced playing matches at DHL Stadium, due to COVID19 regulations preventing spectators at events, we have yet to host spectators at WP Rugby events. The commercial overlay has been developed to service this objective and as we move forward, we will implement various commercial initiatives together with WP Rugby to unlock value. These will include WP Rugby sale of suites, the sale of the Business Lounge Memberships, hospitality services, liquor distribution and the sale of food and beverage to the general public.

While securing WP Rugby as an anchor tenant is an important milestone, DHL Stadium will also look to securing secondary anchor tenants through building sustainable relationships with football, concert organisers and other Event Organisers who can provide regular events to our calendar.

STRATEGY FOR RETAIL AND OTHER SPACES

Areas have been identified within DHL Stadium that has been earmarked for retail or office space. Ideally, these spaces should be developed as “complementary” to the broader use of the stadium - that of hosting events. It also needs to take into account the requirements of the anchor tenant with regards to office space, training facilities and parking. For these reasons, it has been important to focus on finalising the event strategy, including the securing of anchor tenants, before finalising the plan for other spaces.

During the next financial year, various options will be considered and a plan will be drafted for the best use of available space including parking, retail and offices. This strategy will be developed into a long-term plan that will see these spaces being commercialised over the next 5 years in a manner that will ensure the use of the space over the long term will be aligned to the core business of the stadium and revenues maximised. This plan will also take into account joint opportunities with our anchor tenant for stadium tours, museum and a shop area.

8.3 OPERATIONS AND EVENTS

8.3.1 MANDATE

The Operations and Events Department is responsible for the management, preservation and optimum utilisation of the stadium, assets and infrastructure as well as the integration, planning and delivery of the event operations in a sustainable manner. The Department fulfils this mandate through the implementation of specific strategies, standard operating procedures and plans for each of these functions. It furthermore ensures the delivery of integrated safe events at the DHL Stadium through the implementation of a management plan.

8.3.2 OVERVIEW

At the core of the operations and events management of DHL Stadium, is the hosting, securing, and retention of events in line with the identified target markets supporting the vision and mission to full commercialisation of the DHL Stadium. The department plays a key role in the retention and procurement of events.

The impact of the COVID 19 pandemic and the restrictions imposed on the events industry has been prohibitive in the DHL Stadium's drive for hosting and delivering a wide range of events. The Stadium is committed to its event recovery strategy and has seen a positive response in the attraction, planning, hosting and delivery of broadcasted, virtual and hybrid events as permitted by the Disaster Management Act 58 of 2002.

The Operations Department utilised this time to ensure the project completion of the additional hospitality suites, the drafting and approval of the Environmental and Events Sustainability Strategy, the development of a venue architectural overlay plan, complimenting the stadium's commercial overlay to ensure maximum capitalisation and to ensure the safe return of events as well as spectators amidst the ongoing COVID 19 pandemic and Government vaccination campaigns.

8.3.3 GOVERNANCE

The Operations and Events Department reports quarterly to the various stadium sub-committees and the CTS (RF) Board of Directors and meets all reporting requirements. The Integrated Events Strategy, aligned to the Events Acquisition Strategy and the Commercial Strategy and has been approved and implemented. The recent approval of the Environmental and Event Sustainability Strategy will enable the Stadium to advance current environmental and event sustainability practices.

8.3.4 HIGHLIGHTS

EVENTS

The DHL Stadium has maintained its position as a multi-functional facility and has hosted 105 multi-category events, during the 2020/21 financial year, which have been broken down as follows:

- 37 bowl events;
- 52 non-bowl events;
- 16 film shoots

The events hosted included but were not limited to broadcasted, virtual and hybrid events. The stadium successfully hosted a range of football and rugby fixtures as well as the prestigious Castle Lager British and Irish Lions Series 2021.

The stadium will be the official host venue to the Rugby World Cup Sevens 2022, the World Rugby HSBC Cape Town Sevens Series 2022 as well as iconic international concerts. Subjoined a table indicating the total number of projected events for the 2022/2023 financial year.

YEAR	BOWL				NON-BOWL		TOTAL
	International Sporting Events	Rugby Fixtures	Football (Soccer) Fixtures	International Concerts and Other	Film/Still Shoots	Conferences/ Trade Shows	
2022/23	3	15	15	2	20	60	115

INTEGRATED EVENTS STRATEGY

The Integrated Events Strategy (“IES”) approved in December 2020, has been successfully implemented by the Entity management team and has ensured a process of consultation, inter-departmental engagement and the review of existing organisational strategies to ensure alignment of strategic principles, deliverables, departmental tactics and measurements as prescribed. This is reported monthly to the Chief Executive officer.

An Integrated Event Tracker implementation tool has been successfully developed to monitor and evaluate the progress made to date. The quarterly report is presented to the various sub-committees and the Board of Directors.

CASTLE LAGER BRITISH AND IRISH LIONS SERIES 2021

The stadium has successfully hosted the 2021 Castle Lager British and Irish Lions Series. Six international rugby matches were broadcasted from DHL Stadium.

SANLAM CAPE TOWN MARATHON

DHL Stadium was the official venue to the Sanlam Cape Town Marathon Expo and Race Number Collection Centre. The event was delivered with stringent COVID 19 protocols. The stadium management is currently in negotiation with the event owner to secure the hosting of this event for a further three years.

CAPE TOWN CYCLE TOUR

DHL Stadium was the official venue for the 2021 Cape Town Cycle Tour Race Number Collection Centre. The stadium is currently engaging the event owner to secure the hosting of this event for a further three years.

ADDITIONAL HOSPITALITY SUITES AND OCCUPANCY CERTIFICATE

DHL Stadium has completed its R 245 million-capital investment project. The stadium now boasts 236 hospitality suites with upgrades to its business lounge offering valuable spacing inventory for rental. In addition, the stadium has secured its new occupancy certificate and may now host an event with a 62 000 capacity these include event staff and support services.

CAPE TOWN CITY FOOTBALL CLUB

CTS (RF) Management has concluded negotiating commercial terms with Cape Town City Football Club, which will become an official secondary anchor tenant to DHL Stadium in 2022.

NEW LIQUOR LICENSE

CTS (RF) has successfully obtained a new liquor license inclusive of all new additional suites and event areas of DHL Stadium. This paves the way for further capitalization of the commercial strategy.

SASREA COMPLIANCE

CTS (RF) has applied for and has again received a Stadium Safety and High-Risk Grading Certificate as contemplated in Section 8 of the Safety at Sports & Recreational Events Act, 2010 for DHL Stadium. The DHL Stadium is the only sport & recreational facility in the Western Cape Province categorised to host high-risk events.

8.3.5 IMPLEMENTATION PLAN FOR 2022/23

SELECTION OF EVENTS: TO SUPPORT FINANCIAL GROWTH

The Stadium's Operations and Events Department has developed various Event Overlays having considered the return of spectators to events amidst the ongoing COVID 19 pandemic as well as the stadium commercial overlay.

The Event Overlay Plans enables the stadium to ensure optimal event planning, event framework development and execution.

All event overlay plans compliment the commercial event overlay and provide for an integrated planning approach.

In addition, the Event Owner/Organiser is provided with a selection of event footprint options that will streamline decision making and organising an event.

IMPLEMENTATION OF THE ENVIRONMENTAL AND EVENT SUSTAINABILITY STRATEGY

The CTS (RF) Board of Directors has approved the Environmental and Event Sustainability Strategy and Policy directive. During the 2022/2023 financial year, all cross-functional departments would be required to implement various departmental objectives to realise the strategic intent and desired goals of this strategy and policy.

The desired outcomes include:

- The promotion of energy efficiency
- The use of renewable energy sources (green energy solar, wind and water)
- Utilisation of natural ventilation where possible
- Ensuring the switching off of all technical equipment is not required
- The utilisation of local service providers reduces transportation requirements,
- The continued enhancement of its existing recycle and waste segregation approach
- The utilisation of environmentally friendly products where applicable
- Providing assistance to Event Organisers to ensure environmental, economic and social sustainability.

FACILITY MAINTENANCE STRATEGY AND IMPLEMENTATION

The Facility Maintenance Strategy of DHL Stadium ensures the following key strategic objectives are realised:

- Financial sustainability,
- Operational efficiency,
- Infrastructural integrity and;
- Longevity as well as contribution to the overall precinct brand.

The stadium has successfully developed a detailed maintenance programme that compliments the implementation of this strategy. The above-mentioned strategy and the delivery thereof is approved by the DHL Stadium Board.

The strategy ensures stringent fiscal adherence and incorporated environmental sustainability as a key focus area. Strategic maintenance planning principles, health and safety adherence and engineering best practices form the backbone of this maintenance strategy.

The preventative maintenance plan provides a base to get the most efficient use of resources and tools required to maintain the standards set. As the building and plant grow older, a condition and risk evaluation based maintenance approach is incorporated to ensure the optimal use of the available budget.

In order to improve the quality of the service offering for all stakeholders; continuous review, implementation and execution of processes are undertaken.

PITCH REHABILITATION

With the securing of our anchor and secondary tenants, it is anticipated that DHL Stadium will host a multitude of different events, including rugby, concerts, football and others. This will reinforce the DHL Stadium as a multi-purpose venue. This, together with it being a preferred international concert destination venue will see the stadium put forward a full calendar of activity in future years.

While the pitch has stood up to the increased traffic to date, there is no doubt that the nature of the stadium and the increased use of the pitch will bring into question whether the pitch which is currently 100% grass, will be able to accommodate and recover sufficiently between events. Currently, the pitch requires significant recovery periods because of the growth of natural grass.

Since the building of the stadium in 2009, pitch technology has changed significantly and in particular for multi-purpose stadiums. Most world-class multi-purpose stadia have a combination of natural and artificial grass, which has a faster recovery time thus creating more flexibility and opportunity with regards to the hosting of events.

After the full season of rugby and the hosting of soccer and concerts, we will evaluate the pitch performance and put forward motivation to change the pitch to an alternate and cost-efficient surface if required.

MONITORING & EVALUATION

The Operations and Events Department has successfully introduced a project management system monitoring deliverables across the Department. In addition, the relevant management and teams produce regular quarterly reports, which are loaded onto a Departmental share point.

The Chief Operating Officer continues to prepare quarterly oversight reports for submission to the Chief Executive Officer and the Board of Directors.

In addition to the above, the implementation of the Integrated Events Strategy has led to the establishment of an Integrated Events Management team consisting of all functional departments. This team ensure joint operational planning, synergy and effectiveness/ Oversight.

The Operations and Events Department continues to monitor the following in addition to both the project management and project team establishment:

- Presentation and percentage compliance to the maintenance programme
- Percentage compliance with the Occupational Health & Safety Act and Regulations (Act 85 of 1993) as well as SASREA;
- Number of spectators
- Number of events

8.4 INTERNAL COMPANY SERVICES DEPARTMENT

8.4.1 DEPARTMENTAL MANDATE

The mandate of the Company Services Department is to coordinate and manage Internal Corporate Services (organization-wide support services for Human Resources, Administration, Legal and Company Secretariat) and to ensure the provision of efficient and effective services to the organization.

8.4.2 OVERVIEW

To support the Entity's revised SDA based mandate, a new DHL Stadium organizational structure was developed. The macro design was fully implemented in 2020.

An assessment of training needs for each staff member was concluded with a specific focus on equipping new employees with adequate skills to deliver on the commercial mandate of the Entity.

The department supports the Entity inter alia by being responsible to monitor all policies and advise on review deadlines, reporting on performance compliance in terms of quarterly reports, reporting to the HR Social and Ethics Subcommittee, coordinating and monitoring all legal opinions and requests, as well as the tracking of all legal agreements.

8.4.2.1 HR OBJECTIVES

The Internal Company Services Department will ensure an environment that will optimize the potential of its HR Capital. It will achieve this through focused skills development & training and will contribute through identified interventions to ensure a highly motivated staff contingent.

The Internal Company Services Department will ensure the smooth functioning of all Entity's Departments by providing all required HR and admin related support functions.

The department is providing management with all relevant reports and intelligence that supports focused decision-making.

8.4.2.2 ADMINISTRATION AND COMPANY SECRETARIAT FUNCTION

This department provides support to the CTS (RF) subcommittees through collating and finalizing all information related to performance management quarterly reports, performance indicator measurement sheets ("PIMS"), Compliance Management System ("CMS") reports on events exceeding 20 000 attendance, SDBIP submission and legal requests.

Internal Company services are also responsible for managing and overseeing the outsourced appointed Company Secretary and its contracted functions.

8.4.3 GOVERNANCE

Internal Company Services are responsible for quarterly submissions to the HR, Social and Ethics Committee as well as the submission of Quarterly Performance Indicators to the City with relevant evidence of performance achieved.

This department also ensures timeous reviewing and or updating of the Entity's policies.

By providing oversight over the functions of the Company Secretariat, it ensures that the Entity complies with relevant legislation in terms of the Companies Act and other associated legislation.

8.4.4 HIGHLIGHTS

During the current 2020/21, business-planning period the Entities Internal Company Services Department achieved and delivered the following:

- 100% completion of CTS (RF) staff declaration of interests;
- Refining the Records Management and stock control system to comply with prescribed policy and regulations;
- Developed a Succession Plan for implementation in the 2020/21 financial year;
- Alignment of all the Entities Key Indicators to the Corporate Objectives as per recommendation from Internal Audit;
- Establishing a Legal Request and Legal Opinions Register to monitor and track progress on all legal issues relating to the business of DHL Stadium;
- Ensured compliance with all Covid19 related instructions and documentation.

8.4.5 IMPLEMENTATION PLAN FOR 2022/23

- Identify and ensure adequate training opportunities for staff through focused skills development & training to ensure staff are optimally motivated and skilled to deliver on their respective functions
- Ensure compliance and timeous delivery of report submissions and their relevant corporate deadlines
- Maintain the Entity's records according to accepted record keeping principles
- Manage the process of student employment which contributes to the Entity's social responsibility as an employer
- Ongoing HR and Administrative related support
- Coordinate and ensure timeous compliance and guidance to all staff in terms of submission of performance management templates, declarations of interest and bursary applications
- Provide the CEO with all relevant administrative and HR related reports on a monthly and quarterly basis indicating areas of risk

8.5 FINANCE

8.5.1 DEPARTMENTAL MANDATE:

The Finance department is a support department to all the other departments with its focus being financial reporting, ensuring compliance within the finance areas as well supporting the accounting officer with MFMA compliance. The key target for the department is to achieve a clean audit.

- Furthermore, the department's mandate is to provide:
 - a daily finance support function to the Entity and to give substance to its financial strategy;
 - support to the operational team by providing a service by ensuring that all revenues are accounted for and timeously collected from clients;
 - support to the commercial team with the implementation of the new commercial model;
 - financial reporting to management, CTS (RF) Board and Board committees/sub-committees and the City of Cape Town are accurate;
 - management and verification of fixed assets at DHL Stadium on behalf of the City of Cape Town;
 - the implementation and developing and improvement on systems, processes and internal controls for all new operational areas to ensure good governance;
 - ensure that the Entity achieves a clean audit.

8.5.2 OVERVIEW

During the past financial year, COVID 19 has had a significant impact on the operations of DHL Stadium resulting in the Entity not being able to conduct its normal business operations. The Entity has managed to host over 80 events for the past year; however, due to COVID 19 restrictions no spectators had attended these events.

The Entity has successfully managed to appoint all the necessary service providers during the 2021 financial year that will be instrumental to the delivery of the new commercial model. The implementation of the new commercial model can only be rolled out with the return of spectators at events. It is assumed that government would phase in the lifting of COVID-19 lockdown restrictions as infections decrease whereby gatherings are permitted and spectators will be allowed in attendance at events. The Entity has budgeted to host 115 events for 2022/23 with a projected revenue of R85m to be earned from these events.

8.5.3 GOVERNANCE

The Finance Department has developed guidelines and a framework that is aligned to the standard operating procedures with regard to the commercial overlay. These guidelines will assist the user departments with following the finance processes to ensure that adequate internal controls are in place with all the new commercial revenue streams.

The Entity has existing policies in place e.g. the Supply Chain Management Policy and others, which ensures that there are adequate internal control and governance in this area.

The Entity has also implemented its processes around contract management and document storage for both supply chain management and contract management.

The Entity would be able to operate at the normal business levels seen pre-pandemic before the end of the next financial year.

Furthermore, the following policies either have been updated or are new policies that have been developed:

- Supply Chain Management Policy
- Petty Cash Policy
- Credit Control and Debt Collection Policy

8.5.4 HIGHLIGHTS

- Obtained a 'clean' audit for the 2020/21 financial year;
- Achieved 100% asset verification for the 2020/21 financial year;
- During the year, the department successfully implemented its new financial system, which will be utilized for tracking the new commercial revenue streams.

8.5.5 IMPLEMENTATION PLAN FOR 2022/23

The year ahead will see a full rollout of the commercial overlay and the focus for the finance department will be supporting the operational teams with the rollout of all these new revenue streams.

Another key strategic focus of the finance team would be to strive to continue achieving "clean" unqualified annual audit reports for DHL Stadium.

The below are specific strategic focus areas for the department:

- Developing Financial Strategies which is aligned to the business strategy;
- Compiling and managing the Entity's budget;
- Monitoring of budgets and maintaining budgets and identifying risk areas;

- Policies development and processes to assist with internal control;
- Ensure financial compliance with the MFMA;
- Facilitate the external audit with the Auditor-General and internal audit process with the internal auditors.

The new finance system had been procured during the 2021 financial year where is being customized to the needs of the Entity. This system will assist the Entity with being able to keep detailed records on the new various commercial revenue streams. The system will be used to record, reconcile and report on these revenue streams and provide the necessary reports in terms of what is required as per the standard operating procedures.

The development and monitoring of new systems, processes, controls and financial models in relation to the commercial overlay will be a focus area.

Additional control measures will also have to be developed and implemented to ensure compliance and to ensure that all new commercial revenue streams are classified, recorded and reported on accurately

During the 2022/23 financial year, the Department plans to undertake quarterly reviews and reconciliations of all financial records to ensure an improved control environment. These controls will facilitate an improved external audit readiness at financial year-end.



CAPE TOWN STADIUM

9 CTS (RF) BUDGET & FINANCIAL PROJECTIONS

9 CTS (RF) BUDGET & FINANCIAL PROJECTIONS

The long-term vision of the Entity is to be financially sustainable through the commercialisation of CTS (RF) and to be able to generate sufficient income to cover its expenditure. The main contributor to increased revenue will be as a result of a resident anchor tenant, secondary anchor tenants as well as a focused drive to increase the number of spectators at events.

The Entity is focusing on the following targeted operational areas:

- Activation of all potential new income streams;
- Focusing its marketing initiatives towards increasing the number and attendance of events at CTS (RF) (including, but not limited to, bowl, non-bowl, conferencing & banqueting, film shoots and product launch events);
- Optimizing utilization of budget and realizing savings of expenditure where possible and appropriate.

9.1 CTS (RF) BUDGET & FINANCIAL PROJECTIONS

The CTS (RF) has completed its third year of trade during the 2020/21 year as a ME and the historical financial information has been used in the preparation of the budgets.

The following principles currently and will underpin the budgeting and business planning process:

- The previously identified internal stadium commercial revenue opportunities;
- The new additional revenue streams occasioned by the establishment of the more commercially flexible governance and management vehicle to operate the stadium;
- The phased implementation of the historically identified and new commercial revenue opportunities;
- Historical expenditure and revenue trends drawn from the City's SAP accounting system;
- A focus on cost-saving initiatives within the internal operating environment;
- The business need for modest capital expenditure (any required major CAPEX need will be funded by the City);
- The impact of inflation;
- City guidelines.

9.2 BUDGET PROJECTIONS

The budget has taken into account the impact of COVID 19. Budgeted expenditure of R125 million against budgeted revenues and other income of R92 million has been forecasted for CTS (RF) for the 2022/23 financial year.

A copy of the 2020/21 – 22/23 budget has been attached hereto marked ANNEXURE" C"

ANNEXURES

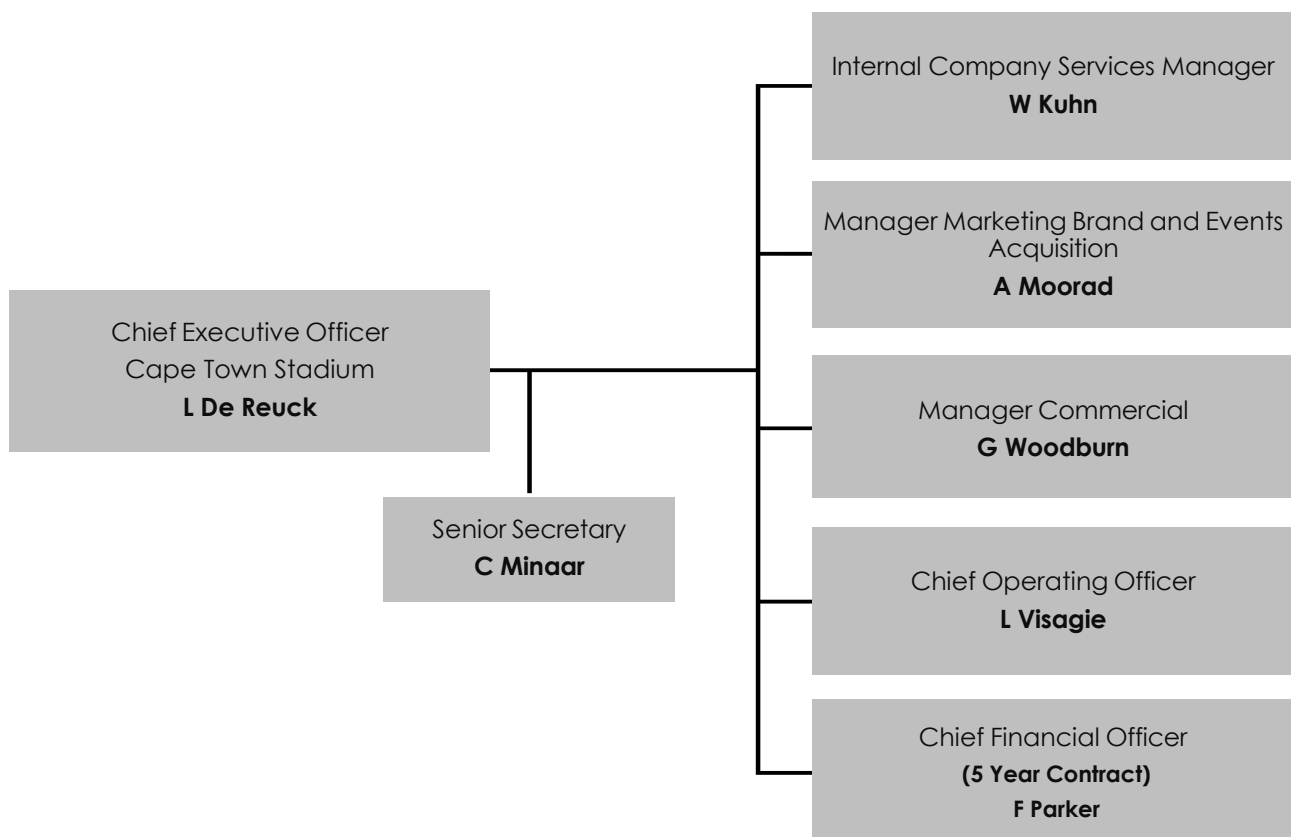
Annexure A:	Organizational Structure
Annexure B:	Service Delivery Budget Implementation Plan (“SDBIP”)
Annexure B1:	Scorecard Definitions
Annexure C1:	Financial Performance Budget
Annexure C2:	Financial Position
Annexure C3:	Cash Flow Statement
Annexure D:	Legal Framework
Annexure E:	Risk Register

Annexure A: Organizational Structure

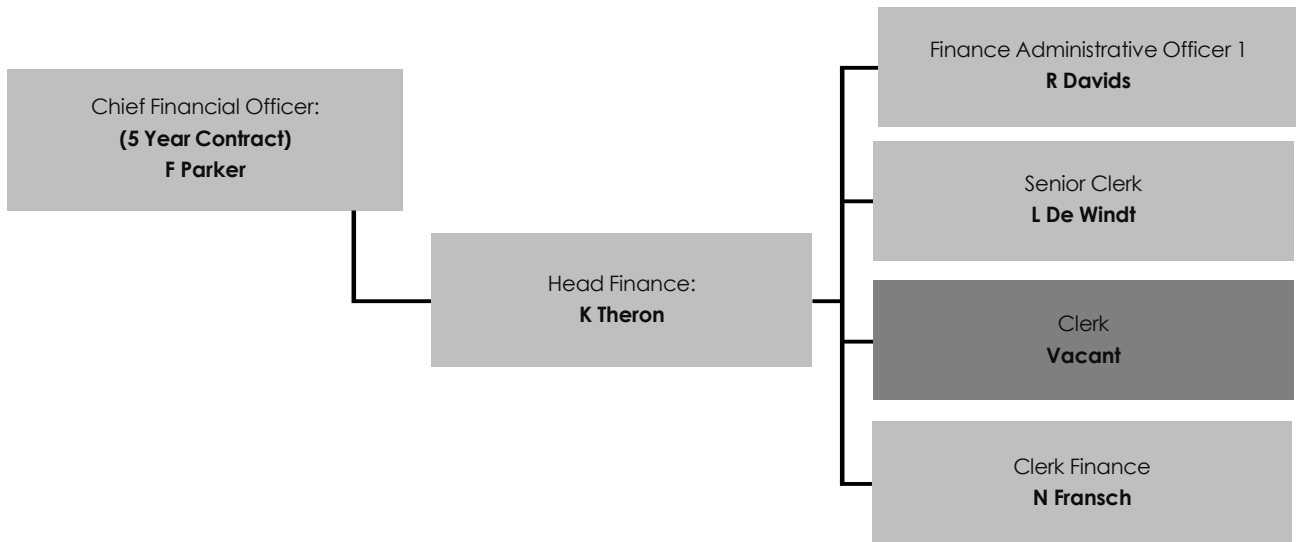
CTS STADIUM (RF) SOC LTD STAFF ORGANOGRAM



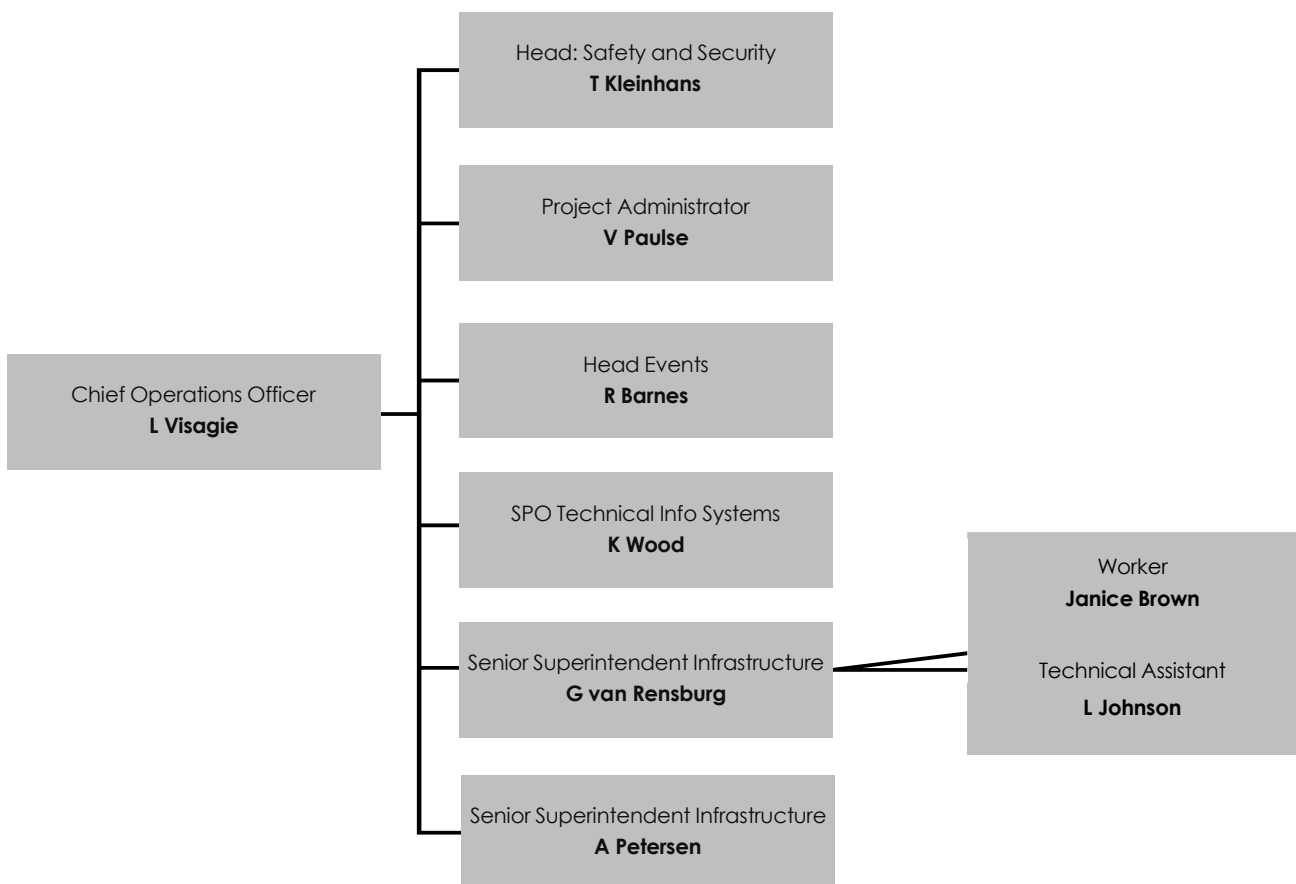
OFFICE OF THE CEO



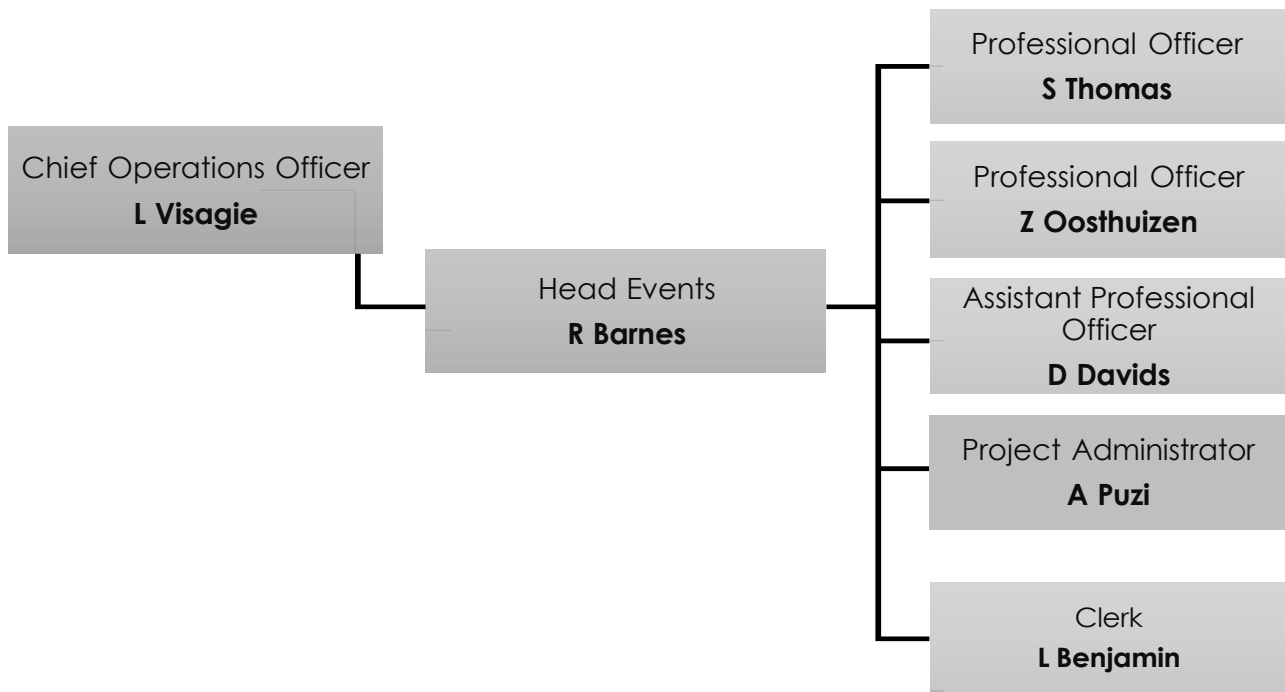
FINANCE



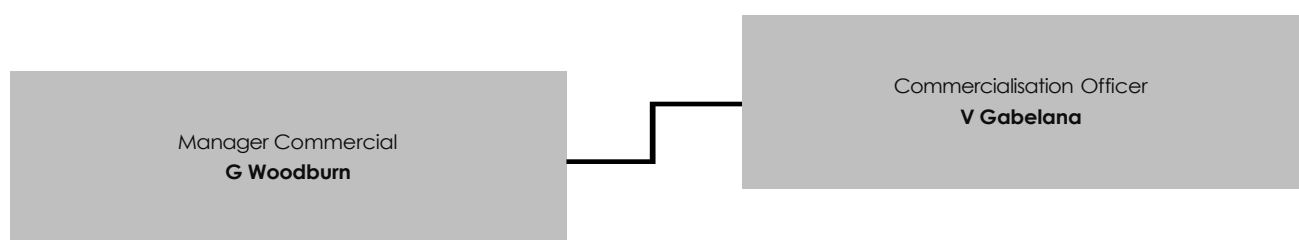
OPERATIONS



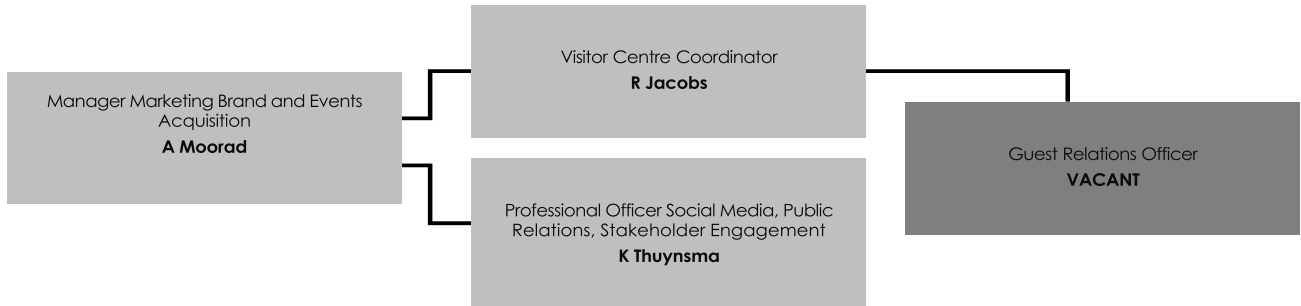
OPERATIONS – EVENTS



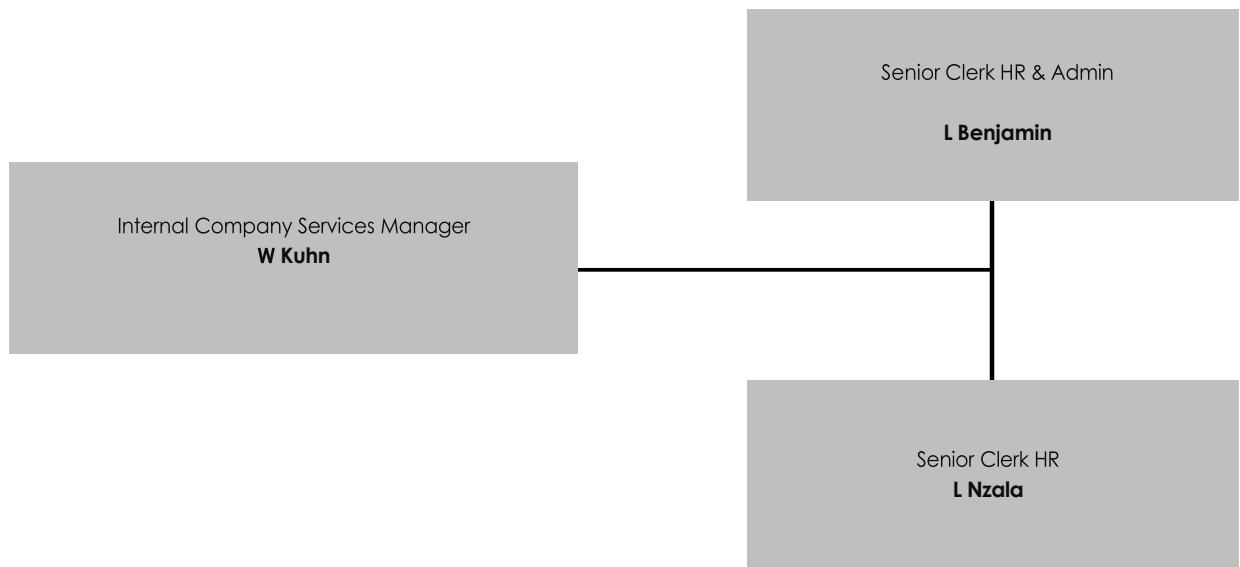
COMMERCIALISATION



MARKETING BRAND AND EVENTS ACQUISITION



INTERNAL COMPANY SERVICES



Annexure B: Service Delivery Budget Implementation Plan (“SDBIP”)

CAPE TOWN STADIUM (RF) KEY PERFORMANCE INDICATORS SDBIP 2022/23 TO 2026/27													
No.	Alignment to IDP			Measuring Department	CSC Indicator or no.	Indicator (to include unit of measure)	Baseline 2020/2021	Annual Target 30 June 2022	Targets				
	FOUNDATION (STRATEGIC FOCUS AREA)	PRIORITY (OBJECTIVE)	IDP PROGRAMME						ANNUAL TARGET 2022/2023	ANNUAL TARGET 2023/2024	ANNUAL TARGET 2024/2025	ANNUAL TARGET 2025/2026	ANNUAL TARGET 2026/2027
1	A Capable and collaborative City Government	16. A Capable and collaborative City Government	16.1 Operational Sustainability Programme	Sustainable entities	CTS Finance	Achievement of Own Projected Revenue(%)	66.79%	90%	90%	90%	90%	90%	90%
2	A Capable and collaborative City Government	16. A Capable and collaborative City Government	16.1 Operational Sustainability Programme	Sustainable entities	CTS Finance	Opinion of the Auditor General	CLEAN AUDIT	CLEAN AUDIT	CLEAN AUDIT	CLEAN AUDIT	CLEAN AUDIT	CLEAN AUDIT	CLEAN AUDIT
3	Public Space, Environment and Amenities	11. Quality and safe parks and recreation facilities supported by community partnership.	11.1 Quality Social Facilities Programme	Major Event Hosting Facilities and maintenance initiative.	CTS Operations	Compliance with approved Repairs and Maintenance program (%)	100%	100%	100%	100%	100%	100%	100%
4	Public Space, Environment and Amenities	11. Quality and safe parks and recreation facilities supported by community partnership.	11.1 Quality Social Facilities Programme	Major Event Hosting Facilities and maintenance initiative.	CTS Operations	Compliance with Occupational Health and Safety Acts and Regulations (Act 85 of 1993) (%)	100%	100%	100%	100%	100%	100%	100%
5	Economic growth	1. Increased jobs and investment within the Cape Town economy	1.3 Inclusive economic development and growth	Major Event Hosting Facilities and maintenance initiative.	CTS Operations	Spectator attendance at the DHL Stadium (Number)	NEW	57000	600000	750000	850000	900000	1000000
6	Economic growth	1. Increased jobs and investment within the Cape Town economy	1.3 Inclusive economic development and growth	Major Event Hosting Facilities and maintenance initiative.	CTS Operations	Events hosted (Number)	NEW	135	115	115	115	115	115
7	A Capable and collaborative City Government	16. Capable and collaborative City Government	16.2 Modernised and Adaptive Governance	Investment and Partnership Development Programme	COCT Corporate Services	Budget spent on implementation of the WSP (%)	52%	70%	90% OF BUDGET SPENT	90% OF BUDGET SPENT	90% OF BUDGET SPENT	90% OF BUDGET SPENT	90% OF BUDGET SPENT
8	A Capable and collaborative City Government	16. A Capable and collaborative City Government	16.2 Modernised and Adaptive Governance Programme	Modernised and Adaptive Governance Programme	COCT Corporate Services	Employees from the EE designated groups in the three highest levels of management (%)	50%	80%	80%	80%	80%	80%	80%

NKPI: National Key Performance Indicator per regulation 10 of the Municipal Systems Act

DHL Stadium (RF)
CEO: Lesley De Reuck

Date

Chairman: DHL STADIUM
Peter- John Veldhuizen

Date

Annexure B1: Scorecard Definitions

CAPE TOWN STADIUM SCORECARD DEFINITIONS 2022 (2021/22 Year Review)			
No.	INDICATOR	IDP Objective	INDICATOR DEFINITION
CTS - 01	Percentage achievement of own projected revenue		This indicator will measure the achievement of the annual projected revenue as per the latest approved budget.
CTS - 02	Opinion of the Auditor General		The indicator measures good governance and accounting practices and will be evaluated and considered by the Auditor-General in determining his opinion. An unqualified audit opinion is where the auditor, having completed the audit, has no reservation as to the fairness of presentation of financial statements and their conformity with general recognised accounting practice. This is referred to as a 'clean audit'. Alternatively, the auditor would issue a qualified audit opinion either in whole or in part over the financial statements if these have not been prepared in accordance with general recognised accounting practice, or the auditor could not audit one or more areas of the financial statements. Future audit opinions will cover the audit of predetermined objectives.
CTS - 03	Percentage compliance with approved Repairs and Maintenance program		<p>The indicator measures the approved repairs and maintenance programme as per the service delivery agreement between Cape Town Stadium (RF) SOC and the City of Cape Town Repairs and Maintenance refers to all facilities and equipment at DHL Stadium. Repairs and maintenance is further defined as preventive maintenance, corrective maintenance, reactive maintenance, emergency maintenance as well as repairs of damages after events. All repairs and maintenance is done from the operating budget.</p> <p>The indicator measures whether the output was achieved as per the plan.</p>
CTS - 04	Percentage Compliance with Occupational Health and Safety Acts and Regulations (Act 85 of 1993)		This indicator measures compliance against the Occupational Health and Safety Regulations on event and non-event days as well as contractors at DHL Stadium.

CTS - 05	Number of spectator attendance at the Cape Town Stadium		Spectators at attending events at DHL Stadium can be classified as persons attending Bowl Events, Non-Bowl Events and Film & Still Shoots. The indicator measures the total number of spectators attending events hosted at DHL Stadium.
CTS - 06	Number of events hosted		Events at the DHL Stadium can be classified as Bowl Events, Non-Bowl Events and Film & Still Shoots. The indicator measures the total number of events hosted at the DHL Stadium.
CTS - 07	Percentage budget spent on implementation of WSP (NKPI)		<p>The WSP outlines the planned education, training and development interventions for the organisation.</p> <p>Its purpose is to formally plan and allocate budget for appropriate training interventions that will address the needs arising out of local government's skills sector plan, the IDP, the individual departmental staffing strategies, individual employees' personal development plans and the employment equity plan.</p> <p>Proxy measure for NKPI.</p>
CTS - 08	Percentage of people from employment equity target groups employed in the three highest levels of management in compliance with the City's approved Employment equity plan (EE) (NKPI)		The indicator measures the actual number of days absent due to sick, unpaid/unauthorised leaves in the department or directorate expressed as a percentage over the number of working days in relation to the number of staff employed. Sick, unpaid/unauthorised leave will include 4 categories namely normal sick leave, unpaid unauthorised leave, leave in lieu of sick leave and unpaid in lieu of sick leave.

Annexure C1: Financial Performance Budget

C1: STATEMENT OF FINANCIAL PERFORMANCE CAPE TOWN STADIUM (RF) SOC LIMITED

Three-year budget 2022/23 - 2024/25

Category	Actual 2020/21	Budget 2020/21	Original Budget 2021/22	Adjusted Budget 2021/22	Budget 2023 vs 2022	Budget 2023 vs 2022	Original Budget 2022/23	Budget 2024 vs 2023	Budget 2024 vs 2023	Draft Budget 2023/24	Budget 2025 vs 2024	Budget 2025 vs 2024	Draft Budget 2024/25
	R	R	R	R	%		R	R		R	R		R
Revenue by Source													
Rental of facilities and equipment	4 060 055	4 800 000	26 971 534	22 988 306	46 981 071	204%	69 969 377	8 997 413	13%	78 966 790	8 212 245	10%	87 179 036
Transfers and subsidies (Grants)	65 237 464	65 717 585	60 484 264	61 293 027	(28 096 979)	-46%	33 196 048	- 3 240 907	-10%	29 955 142	- 4 905 333	-16%	25 049 809
Other Revenue	147 767	1 500 000	6 887 588	6 370 816	8 693 544	136%	15 064 360	1 293 227	9%	16 357 587	1 532 153	9%	17 889 740
Services in kind	7 608 066	2 596 939	8 743 801	6 733 801	269 352	4%	7 003 153	280 126	4%	7 283 279	291 332	4%	7 574 611
Total Revenue	77 053 352	74 614 524	103 087 187	97 385 950	27 846 988	29%	125 232 938	7 329 859	6%	132 562 797	5 150 398	4%	137 713 195
Expenditure by Type													
Employee related costs	1 389 814	1 408 550	1 408 550	1 457 849	1 337 623	95%	2 795 472	125 796	4%	2 921 268	131 457	5%	3 052 725
Remuneration of board members	348 225	424 400	460 474	460 474	18 419	4%	478 893	19 156	4%	498 049	19 922	4%	517 971
Inventory consumed	471 686	551 025	635 951	635 951	25 438	5%	661 389	26 456	4%	687 845	27 514	4%	715 359
Contracted Services	57 297 780	58 559 758	77 221 475	73 480 939	18 689 679	32%	92 170 618	3 812 486	4%	95 983 104	2 970 641	3%	98 953 745
Other expenditure	17 545 847	53 670 791	21 350 737	21 350 737	7 775 830	14%	29 126 567	3 345 965	11%	32 472 532	2 000 863	6%	34 473 395
Total Expenditure	77 053 352	114 614 524	101 077 187	97 385 950	27 846 988	29%	125 232 938	7 329 859	6%	132 562 797	5 150 398	4%	137 713 195
Surplus/(deficit) before taxation	(0)	(40 000 000)	2 010 000	-			(0.00)			0.00			0
Taxation													
Surplus/(deficit) after taxation	(0)	(40 000 000)	2 010 000	-			(0.00)			0.00			0

FINANCIAL PROJECTIONS

The 2022/23 budget was prepared on the basis that government will phase in the lifting of the COVID-19 restrictions. The 2022/23 budget has taken into account that spectators will be allowed in attendance of events from July 2022. In the event that national government continues to impose restrictions on gatherings and the hosting of events, the 2022/23 budget will be adjusted in the annual adjustment budget process in December 2022. The 2022/23 FY will also be the first full year where the commercial overlay will be implemented.

REVENUE PROJECTIONS

1. Rental of facilities and equipment

Rental of fixed assets in the 2022/23 FY have been budgeted at R69.9million which relates to income to be realised from the new commercialisation model, as well income to be received from WPR as an anchor tenant.

2. Transfers and subsidies (Grant)

The grant was budgeted at R33million to cover the shortfall in expenditure for 2022/23 FY.

3. Other Revenue

Other revenue comprises of income generated through naming rights and rebates from events.

4. Services in kind

The services in kind budget of R7million includes the use of the office furniture (R3million) and the rental of the stadium (R4million).

EXPENDITURE

5. Employee Related Costs

The employee related cost budget of R2.8 million relates to the salary cost of the entity's two (2) employees. The budget also takes into account the 4.90% annual cost of living adjustment increase for all employees.

6. Remuneration of Board Members

The budget was prepared on the basis that the composition of the board of directors will remain at 6 board members.

7. Inventory Consumed

Inventory consumed comprise of fuel, printing and stationary and other material related costs which have been budgeted to increase by 5%.

An estimate amount has thus been included in the 2022/23 budget and adjusted with an inflation related increase going forward.

8. Contracted Services

Contracted services increase with 32% as a result of more events planned to take place during the 2022/23 financial year, the event services cost will reciprocate the increased income. The budget also takes into account the 4.90% cost of living adjustment increase for seconded employees.

Contracted services consist out of: Consultants and professional services, repairs and maintenance, outsourced services and staff costs. The budgeted amount for the outer years remains stable with inflationary increases.

9. Other Expenditure

Other expenditure increases with 14% due to the reallocation of commission costs for naming rights as well as the increase in the advertising and utilities budget. A budget of R7million has been included as part of services in kind for the 2022/23 financial year.

Annexure C2: Financial position

C2: STATEMENT OF FINANCIAL POSITION **CAPE TOWN STADIUM (RF) SOC LIMITED**

Three-year budget 2022/23 - 2024/25

	Actual 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25
<u>Category</u>	R	R	R	R	R
ASSETS					
	6 527 528	3 530 480	6 754 935	6 944 612	7 141 876
Current Assets	3 000		3 000	3 000	3 000
Cash	130 343	-	-	-	-
Receivables from exchange transactions	4 384 185	3 530 480	4 741 935	4 931 612	5 128 876
Receivables from non- exchange transactions	2 010 000	-	2 010 000	2 010 000	2 010 000
Current portion of long- term receivables					
	-	-	-	-	-
Non-current Assets	-	-	-	-	-
Other non-current assets					
	6 527 528	3 530 480	6 754 935	6 944 612	7 141 876
Total Assets					
NET ASSETS AND LIABILITIES					
	2 010 000	-	2 010 000	2 010 000	2 010 000
Net Assets	2 010 000	-	2 010 000	2 010 000	2 010 000
Accumulated surplus/(deficit)					
	4 517 528	3 530 470	4 744 935	4 934 612	5 131 876
Current liabilities	-	-	-	-	-
Bank overdraft	-	-	-	-	-
Trade and other payables	4 517 528	3 530 480	4 744 935	4 934 612	5 131 876
	6 527 528	3 530 480	6 754 935	6 944 612	7 141 876
Total net assets and liabilities					

FINANCIAL PROJECTIONS

The 2022/23 budget was prepared on the basis that government will phase in the lifting of the COVID-19 restrictions. The 2022/23 budget has taken into account that spectators will be allowed in attendance of events from July 2022. In the event that national government continues to impose restrictions on gatherings and the hosting of events, the 2022/23 budget will be adjusted in the annual adjustment budget process in December 2022. The 2022/23 FY will also be the first full year where the commercial overlay will be implemented.

The R2 million receivable is due to the initial recognition of the services in kind asset in accordance with GRAP 23. This is an estimated amount based on the valuation which remains unchanged for budget purposes. The estimate will be amended at the next valuation date.

Annexure C3: Cash Flow Statement

C3: CASH FLOW STATEMENT CAPE TOWN STADIUM (RF) SOC LIMITED

Three year budget 2022/23 - 2024/25

<u>Category</u>	<u>Actual 2020/21</u>	<u>Budget 2021/22</u>	<u>Budget 2022/23</u>	<u>Budget 2023/24</u>	<u>Budget 2024/25</u>
Cash Flow from Operating Activities					
Receipts					
Other Revenue	4 146 140	29 359 122	85 033 737	95 324 378	105 088 775
Government Operating	65 237 464	61 293 027	33 196 048	29 955 142	25 049 809
Payments					
Suppliers and Employees	(69 380 604)	(90 652 149)	(118 229 785)	(125 279 520)	(130 138 584)
Net Cash From/(Used) Operating Activities	3 000	-	0	(0)	(0)
Cash Flow from Investing Activities	-	-	-	-	-
Cash Flow from Financing Activities	-	-	-	-	-
Net Increase/(Decrease) in Cash Held	3 000	-	0	(0)	(0)
Cash and Cash Equivalents at beginning of year	(0)	3 000	3 000	3 000	3 000
Cash and Cash Equivalents at end of year	3 000	3 000	3 000	3 000	3 000

FINANCIAL PROJECTIONS

The 2022/23 budget was prepared on the basis that government will phase in the lifting of the COVID-19 restrictions. The 2022/23 budget has taken into account that spectators will be allowed in attendance of events from July 2022. In the event that national government continues to impose restrictions on gatherings and the hosting of events, the 2022/23 budget will be adjusted in the annual adjustment budget process in December 2022. The 2022/23 FY will also be the first full year where the commercial overlay will be implemented.

Annexure D: Legal Framework

For the purpose of this document **“laws”** will mean all constitutions; statutes; regulations; by-laws; codes; ordinances; decrees; rules; judicial, arbitral, administrative, ministerial, departmental or regulatory judgements, orders, decisions, rulings, or awards; policies; voluntary restraints; guidelines; directives; compliance notices; abatement notices; agreements with, requirements of, or instructions by any governmental body; and the common law, and **“law”** shall have a similar meaning, including, but not limited to:

1. The Municipal Finance Management Act, 2003 (Act No. 56 of 2003) & Regulations thereto (“MFMA”);
2. The Municipal Systems Act, 2000 (Act No.32 of 2000) & Regulations thereto;
3. The Companies’ Act 71 of 2008 (as amended);
4. The Safety at Sports & Recreational Events Act, 2010 (Act No. 2 of 2010);
5. The Safety at Sports & Recreational Events Regulations of 2017;
6. Disaster Management Act, 2002 (Act no. 57 of 2002);
7. The South African Police Services Act, 1995 (Act 68 of 1995);
8. Criminal Procedure Act, 1977 (Act No. 51 of 1997);
9. Liquor Act, 1989 (Act no. 27 Of 1989);
10. Firearms Control Act, 2000 (Act no. 60 of 2000);
11. Occupational Health and Safety Act, 1993 (Act No. 85 of 1993) and the regulations thereto (including the OHS Act Regulations of 2014);
12. Municipal Asset Transfer Regulations No. 31346 of 2008;
13. Respective electrical, mechanical, civil, structural ect. South Africa Bureau of Standards (SABS of SANS) code of Practise.
14. The Electronic Communications and Transaction ACT 25 of 2002
15. Protection of Personal Information Act

CITY OF CAPE TOWN POLICIES AND BY LAWS

16. Events By-Law, 2010 & amendment thereto (2015) read with City Events Policy (2013);
17. Building Development Management (“BDM”) temporary structure application & approval Requirements, 2015;
18. Community Fire Safety By-Law 2002 as amended;
19. Environmental Health By-Law, 2003 as amended;
20. By-Law relating to Streets, Public Places and the Prevention of Noise Nuisances, 2007 as amended;
21. Outdoor Advertising & Signage By-Law, 2001 as amended (2013 & 2014);
22. Filming By-Law, 2005;
23. Public Parks By-Law, 2010 as amended;
24. Informal Trading By-Law, 2009 as amended (2013);
25. Integrated Waste Management By-Law, 2010;
26. Liquor Trading Days & Hours By-Law (PG 6788 – 10/09/2010 as amended);
27. Community safety; and traffic Control

City of Cape Town Risk Report
Risk Register Report

Parent Unit	Municipal Entity
Unit	Cape Town Stadium

Risk Number	Risk Title	Linked Objective	Consequence	Contributing Factor Title	Existing Control Title	Control Effectiveness	Risk Rating	Residual Rating	Action Plan Title	Due Date	% Complete	Action Plan Owner
1	Inability to host event; Franchisee unable to make the target market (spend capacity)	Finance Sustainability	<ul style="list-style-type: none"> Not meeting financial targets Revenue not met on revenue generated Greater dependency on City Grant 	Global and national economy; COVID 19 lockdown regulations; preventing/limiting regulations; events and sponsor (relocation)	<ul style="list-style-type: none"> Activating income streams that are not impacted by the current regulations (e.g. firm show, broadcast events and virtual auctions) Continued budget monitoring, assessment and adjustment (cost cutting) of the budget through the current business plan Proactive risk management by regular review of the current business plan Monitoring of the implementation of City Strategy / CM Directives / Provincial & National Circuits Multi-year agreements with event organisers negotiated to secure events and implementing the commercial plan 	60%	7	9	<p>TS&T: Actively engage with target audience to inform and raise confidence</p> <p>TS&T: Prepare to pilot spectator events as regulations are amended</p> <p>TS&T: Engagement with Big Concert</p> <p>TS&T: Develop readiness plan for the imminent re-opening of stadium</p> <p>TS&T: Engagement with CTC FC</p>	2022/02/28	5%	Arnold Moorosi
2	Operational Risk	Events and events management	<ul style="list-style-type: none"> Reputational damage Delays / cessation of service Non compliance with legislation (SABSA Act 10) Public Liability Increase CHS (safety) Equipment failure Cancellation of event Possible fires and financial implications of non compliance to critical data 	Event day incidents	<ul style="list-style-type: none"> Event day safety procedures (Manual) Event incident briefing sessions Event safety sign off checklist SABSA Stadium Certification Public Liability Insurance and approved by the board Event day safety plan framework Ability of staff to deliver revenue at the stadium Incidents required by commercial revenue streams (Financial Reporting) 	70%	7	5	<p>TS&T: Conclude the Anchor Tenant agreement</p> <p>ACCEPT: Risk contributing factor accepted with stringent adherence to established effective controls</p>	2022/01/31	100%	Lelele De Beuck
3	Partial destruction of the stadium structure with business interruption for limited period	Finance, legal and administration management	<ul style="list-style-type: none"> Delay in service delivery Partial / revenue impact Partial damage 	Force majeure	<ul style="list-style-type: none"> City to cover the partial until CTS is back in business Continued budget monitoring Continued budget monitoring, assessment and adjustment (cost cutting) of the budget through the current business plan Insurance coverage of the stadium Monitoring and review of operational risks City to cover the partial until CTS is back in business 	60%	7	3	<p>TS&T: Draft financial reporting procedures to test controls and test system to see how well controls work</p> <p>ACCEPT: Risk contributing factor accepted with stringent adherence to established effective controls</p> <p>ACCEPT: Risk contributing factor accepted with stringent adherence to established effective controls</p> <p>ACCEPT: Risk contributing factor accepted with stringent adherence to established effective controls</p> <p>ACCEPT: Risk contributing factor accepted with stringent adherence to established effective controls</p>	2022/04/30	50%	Lelele De Beuck
4	Total destruction of the stadium structure to the degree that service delivery would be affected	Finance, legal and administration management	<ul style="list-style-type: none"> Reputational damage Delays / cessation of service delivery Partial / revenue impact Financial / revenue impact Partial damage 	Force majeure	<ul style="list-style-type: none"> City to cover the partial until CTS is back in business Continued budget monitoring Continued budget monitoring, assessment and adjustment (cost cutting) of the budget through the current business plan Insurance coverage of the stadium Monitoring and review of operational risks City to cover the partial until CTS is back in business 	60%	7	2	<p>TS&T: Conclude the Anchor Tenant agreement</p> <p>ACCEPT: Risk contributing factor accepted with stringent adherence to established effective controls</p> <p>ACCEPT: Risk contributing factor accepted with stringent adherence to established effective controls</p> <p>ACCEPT: Risk contributing factor accepted with stringent adherence to established effective controls</p> <p>ACCEPT: Risk contributing factor accepted with stringent adherence to established effective controls</p>	2022/04/30	100%	Lelele De Beuck

Disclaimer: If you remain the registered owner of the sign-off server after the transfer, you will be responsible for any and all liabilities associated with the server. Risks were not transferred to the "SMART" contractor. Reasonable care was taken to ensure that the "SMART" contractor was sufficient to handle the server.

Risk Owner: _____

Signature: _____

Date: _____



CAPE TOWN STADIUM

THANK YOU

