



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

## **ANNEXURE 35**

# **CAPE TOWN STADIUM (CTS) (MUNICIPAL ENTITY) BUSINESS PLAN**



# **BUSINESS PLAN** 2021/2022

# CONTENTS

1. EXECUTIVE SUMMARY .....	5
2. WHO WE ARE .....	13
3. GOVERNANCE .....	17
4. CTS – PURPOSE & SERVICE MANDATE .....	19
5. EXECUTION OF CTS SERVICE DELIVERY MANDATE.....	22
6. SWOT ANALYSIS.....	27
7. MACRO ENVIRONMENTAL ANALYSIS .....	30
8. DEPARTMENTAL PLANS.....	34
9. SUSTAINABILITY .....	57
10. CTS BUDGET & FINANCIAL PROJECTIONS.....	59



# ANNEXURES

<b>Annexure A:</b>	Organisational Structure
<b>Annexure B:</b>	Service Delivery Budget Implementation Plan ("SDBIP")
<b>Annexure B1:</b>	Scorecard Definitions
<b>Annexure C1:</b>	Financial Performance
<b>Annexure C2:</b>	Cash Flow Statement
<b>Annexure C3:</b>	Financial Position
<b>Annexure D:</b>	Legal Framework
<b>Annexure E:</b>	Risk Register





# 1 EXECUTIVE SUMMARY



# 1 EXECUTIVE SUMMARY

## 1.1 INTRODUCTION

The 2019/2020 financial year has been an eventful and rewarding year for both the Cape Town Stadium ("Stadium") and the City of Cape Town owned Municipal Entity ("ME"), Cape Town Stadium (RF) SOC Limited ("CTS"). As projected during the previous CTS business planning cycle, the ME, which governs and manages the stadium on the City's behalf, has taken major strides in developing and implementing its organisational, administrative, commercial, financial and facility management operations.

CTS has completed its second full annual financial cycle. The Board and management of CTS are pleased to report that during the current financial year, the stadium has achieved (and in some instances exceeded) its projected performance and budgeted financial targets. A Service Delivery Agreement ("SDA") with the City has been implemented by CTS, as legislatively in terms of the Municipal Financial Management Act, 2003 ("MFMA"). In respect of its governance and management of the stadium. CTS, under the guidance of the Board, has also successfully concluded its macro organisational re-structure process that was undertaken to align it with an organisational structure suitable to fulfil its contractual mandate to the City of Cape Town, for the ultimate benefit of the City Ratepayers.

The Board and Management of CTS were pleased that the Cape Town Stadium achieved an unqualified 'clean' audit report in respect of its second full financial year of operations. It confidently expects to achieve a similar report for the 2021/22 financial year.

In pursuit of financial sustainability, the Board approved the commercialisation strategy which has been a focal point of CTS during its current business cycle. CTS has refined the commercial strategy and business plan and has begun the process of implementation of the commercial overlay. This has included the process of securing a Naming Rights Partner, an Anchor Tenant in Western Province Rugby for the CTS, as well as the commencement of the implementation process of the commercial events overlay which includes concessionaires, liquor distribution agents, hospitality partners and preferred suppliers. Covid 19 lockdown restrictions has had a significant impact on the commercial aspect of the entity. The business plan has been prepared on the basis that government will lift restrictions on gatherings in a phased approach and that spectators will be allowed in attendance of events by January 2022. The budget 2021/22 includes revenue earned from events from 1 July 2021 and takes into account that spectators will only be allowed in attendance from January 2022.

The following CTS Board committees and sub-committees have been fully constituted and will carry out their Board approved functions in terms of documented and approved Terms of References:

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

These committees have been effectively and diligently fulfilling their respective oversight roles. From a governance perspective, the process is underway to appoint an independent, experienced and outsourced company secretary to perform the functions which are currently residing with the Internal Company Secretariat.

Retention and development of existing delivery-focused staff and the filling of key vacancies remains a focus area for CTS, particularly with reference to the dynamic operational implementation 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.

A strategic management planning exercise is also currently underway which is aimed at determining any “gaps” in the future needs of the ME once its commercialisation process is in full-swing as well as the development of a micro- organisational design for it to operate as a completely stand-alone Entity.

In short, CTS is now entering into the commercial and financial sustainability phase of its business cycle which is ultimately aimed at transforming the CTS into a financially sustainable City asset. Flowing from this, a 4-year business plan has been approved by the CTS Board.

## **1.2 LEGISLATIVE COMPLIANCE & POLICY FRAMEWORK**

The SDA underpins, in part, the business plans and Service Delivery and Budget Implementation Plan (SDBIP: see Annexure “B”) targets and scorecards of CTS. The latter has been developed to ensure focused implementation and execution of CTS’s legislative and contractual based mandates, obligations and responsibilities.

Relevant compliance policies have been internally developed and implemented by CTS to ensure that these legislative responsibilities are met. These policies have been the subject of a review process and have been amended whilst a number of new policies were drafted and approved by the Board. These policies are in the process of implementation and are dealt with more fully later in this report.



### **1.3 FINANCIAL SUSTAINABILITY**

As part of its drive towards financial sustainability and achieving the objective of a fully independent Municipal Entity, the following strategic objectives will be set for the new financial year:

- Activation of the commercial strategy to realise various identified revenue streams;
- Continued implementation of the Integrated Events Strategy to attract, secure and host events in line with the identified target markets;
- Promote a client-centric approach that encourages repeat use by stakeholders;
- Development of the micro organisational structure to support a fully-independent ME;
- Optimal utilisation of budget and realisation of savings where possible, and appropriate through on-going analysis of expenditure trends.

### **1.4 COMMERCIALISATION OF CTS**

Three potential commercialisation models were presented to the CTS Board of Directors for consideration and approval in March 2019:

- Fully insourced model
- Fully outsourced model
- Partially outsourced model

Each model was presented in detail with all of the relevant pro's and con's associated with each option. The Board approved the implementation of the CTS management recommended Partially Outsourced Model. This chosen model, in essence, entails that certain specialty areas are outsourced, with the over-arching management and control residing with CTS. This approach allows for a fully commercialised stadium while reducing risk substantially for the ME.

In short - the commercialisation of CTS is progressing well, with the groundwork being set for the optimal operational performance in future years.

## **1.5 MARKETING - “SO MUCH MORE THAN JUST A STADIUM”**

The credo “So much more than just a Stadium” continues to hold true for the Cape Town Stadium, affirming the confidence in being able to host a variety of bespoke events.

The CTS continues to position itself as a multi-purpose stadium that approaches the market with a client-centric attitude, attracting and operationally delivering on complex and unusual events, both in the bowl and non-bowl areas. The objective remains to position CTS as the South African venue of choice with domestic and international event organisers and spectators alike.

## **1.6 HOSTING OF EVENTS**

A total of 105 events were hosted during the 2019/2020 financial year. These included 37 bowl events, 52 non-bowl events and 16 film shoots. Aligned to a client-centric approach, the CTS has concluded a number of multi-year bowl events contracts, with the aim of the promoting of an operational environment of financial sustainability. These include agreed terms with major concert promoters, international sporting federations and national sporting federations.

CTS is also proud to have recently secured both a Springbok Test and a Provincial match (against Western Province) for the upcoming 2021 British and Irish Lions™ Tour to South Africa during July 2021. At the time of preparation of this business plan CTS awaits the outcome as to whether this event will go ahead as planned and that government would have phased in the lifting of Covid 19 lockdown restrictions by this event date. In addition to its continued hosting of the SA leg of the World Rugby HSBC Sevens™ Tournament, CTS will also be the proud host of the Rugby Sevens World Cup™ in 2023.

## **1.7 FACILITY MANAGEMENT AND MAINTENANCE**

A facility maintenance strategy has been implemented and is monitored to ensure the best care and longevity of this valuable public asset. The regular compliments received in this regard from national and international users of the stadium bears testimony to the success of this stadium lifecycle programme. This strategy takes into account, inter alia, the age of the asset as well as the various warranties and other contractual maintenance requirements flowing from its original development.

The asset value is currently being enhanced through the addition of 168 new hospitality suites, which will bring the stadiums total available suite inventory to 236. This capital project commenced in February 2020 and despite the impact of the Covid-19 Government lock-down, is scheduled for practical completion during March 2021.

CTS has once again received its Annual Existing Stadium Safety and High-Risk Grading Certificate as contemplated in Section 8 of the Safety at Sports & Recreational Events Act, 2010 (“SASREA”). The CTS is the only sport & recreational facility in the Western Cape Province categorised in terms

of SASREA, to host high-risk events.

The process of applying for the SASREA required Section 10 stadium Alteration/Extension Safety Certificate in respect of its additional suites is already underway.

CTS will be developing an Event Environmental Sustainability Guide, aligned with ISO 20121. This Guide will be issued to all Event Organisers hosting events at the stadium for compliance purposes.

## **1.8 HUMAN CAPITAL DEVELOPMENT**

CTS values its staff and the contribution made by them to the ongoing success of the business.

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

This, coupled with the objective of benchmarking services internationally, requires continuous learning. To achieve this, targeted training interventions, as well as a team and organisational effectiveness assessments (and interventions where applicable), will be implemented by CTS during the period of this business plan. Management will ensure that it achieves 100% of the targeted training interventions as set out in the training plan.

## **1.9 AUDIT OUTCOME**

The Cape Town Stadium once again achieved an unqualified audit report with no findings, i.e. clean audit, in respect of its 2019/20 financial year.



## 1.10 OUR CORE OBJECTIVE & GUIDING PRINCIPLES

### **Vision**

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

### **Mission**

The CTS continues to strive to achieve financial sustainability and independence through the provision of a world-class event environment that creates opportunity while subscribing to the following principles"

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

### **Values**

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

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

### **Business Ethics**

CTS is committed to developing and upholding an ethical business culture. CTS 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, CTS has adopted and will continue to comply with the following guiding principles drawn from the City's current 2017-2022 Integrated Development Plan ("IDP"). These guiding principles act, amongst others, as drivers for the implementation of its 2019-2022 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 Board has approved and management has implemented an internally developed Code of Ethics Policy. It serves as the organizations 'guiding light' for the on-going promotion of the ethical operational practices which permeate the organisation.

### **1.11 STRATEGIC ALIGNMENT TO THE CITY'S INTEGRATED DEVELOPMENT PLAN**

CTS will continue to conduct its business in accordance with the key pillars and objectives of the City's current 2017-2022 IDP. The business planning of all CTS Departments are aligned with the following City of Cape Town Strategic Focus Areas:

#### **Strategic Focus Area 1.1: The "Opportunity City"**

- CTS's key role in assisting the City to position itself as a forward-looking globally competitive City;
- Job creation, facility & event service provider opportunities;
- Support of local entrepreneurial endeavour;
- Creation of event tourism opportunities.

#### **Strategic Focus Area 1.1G: Leverage (City's) Assets to drive Economic Growth**

- The full commercial leveraging of the CTS following the City's establishment of a stand-alone external business entity (adoption of commercially flexible governance & management model) to govern & manage the stadium is achieving the dual objective of driving economic growth in the City whilst lessening the financial burden on its City Ratepayers.

#### **Strategic Focus Area 5.1: The "Well Run City"**

CTS continues to align itself with and contribute to the principles of a well-run City in, amongst others, the following ways:

- Full municipal entity legislative governance compliance;
- Unqualified "clean" audit report;
- Adherence to the business principles enshrined in King IV.





CAPE TOWN STADIUM

# 2 WHO WE ARE



CAPE TOWN STADIUM



## 2 WHO WE ARE

Cape Town Stadium (RF) SOC Limited ("the ME"), commenced business operations on 01 February 2018. It has successfully concluded its second full financial cycle and continues to operate within its MFMA based contractual mandate as captured in the SDA between CTS and the City.

### 2.1 SHAREHOLDING

The City is currently the sole owner (100% shareholder) of Cape Town Stadium (RF) SOC Limited. Notwithstanding its sole ownership of the entity, the City has elected to appoint a Board of Directors consisting of, with one exception (the CEO of CTS), independent non-executives that bring a wealth of experience and professional skills to the Board. These non-executive directors were elected, through due process, by the City from the ranks of the Cape Town private sector.

CTS has been mandated by its 100% shareholder, to, inter alia, fully leverage one of its significant operating assets on its balance sheet and to implement the full commercialisation of the stadium.

### 2.2 BOARD OF DIRECTORS

The current Board of Directors of CTS consists of six (6) independent non-executive Directors and one (1) executive director, its CEO. The professional skills set of the current Board of Directors include legal, accounting, business management, compliance, risk, marketing, PR and major events management. The Board performs an oversight role in relation to the governance and business affairs of CTS as contemplated by the Companies Act, 2008 (Act No. 71 of 2008); the Memorandum of Incorporation ("MOI") of the Company, the City contractual mandate set out in the SDA and the principles enshrined in King IV.

The strategic focus of the Board remains the financial sustainability of CTS, the maximisation of its commercial potential, the strategic alignment with, and promotion of, the core drivers of the City's current Integrated Development Plan ("IDP"), compliance and risk management.

#### **The current Directors of the Board are:**

- Mr. Peter-John Veldhuizen (Chairperson)
- Ms. Viola Manuel (Vice-Chairperson)
- Ms. Limia Essop
- Mr. Martin van Staden
- Mr. Samkelo Blom
- Mr. Johan Dique

## 2.3 CTS BOARD COMMITTEE AND SUBCOMMITTEES

The following CTS Board Subcommittees 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 (Chairperson)
- Mr. Johan Dique
- Ms. Sizo Mzizi
- Mr. Pritish Dala
- Ms. Lindiwe Ndaba

### **HR, Social & Ethics Subcommittee**

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

### **Events, Marketing & Communication Subcommittee**

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

### **Commercial Sub-committee**

- Mr. Johan Dique (Chairperson)
- Ms. Viola Manuel
- Mr. Martin van Staden

It was resolved at the Mayoral Committee meeting on the 20 October 2020 that the Board of Directors is reappointed for a further three-year term commencing on the 1 November 2020. It was further resolved that Mr. Peter-John Veldhuizen would continue in his role as Chairperson and Ms. Viola Manuel in the role of Deputy Chairperson.

The current Board of Directors have been intimately involved in the strategic direction of the business over the last period and their extended tenure will provide continuity through the retention of knowledge and experience gained over the last three years.

## 2.4 KEY STAKEHOLDERS

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

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





# 3 GOVERNANCE



## 3 GOVERNANCE

### 3.1 KING IV

As an organisation, CTS, its Board of Directors and management, in addition to its legislative compliance governance framework, have adopted and will continue to conduct its business operations within the ethical, moral & compliance principles as set out in King IV. The CTS 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 Board will continue, with the assistance of CTS management in the development of progressive and compliant corporate policies, offer insight and guidance, and approve corporate business policies for CTS which are aligned with the principles of King IV.

Four new policies were developed and approved by the Board during the current 2019/20 financial year:

- Risk Policy;
- Cost Containment Policy;
- Virement Policy;
- Utilisation of Recreational Facility for staff.

The following existing policies were subject to review and amendment and approval by the Board during the period under review:

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

Furthermore, annual reviews were completed with regards to the followings existing policies with no amendments:

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

In addition to the aforementioned, CTS management developed and the Board approved the Terms of References for the various Committees and sub-committees as outlined in part 2 of this report.



# 4 CTS - PURPOSE & SERVICE MANDATE



## 4 CTS - PURPOSE & SERVICE MANDATE

### 4.1 SERVICE DELIVERY AGREEMENT BETWEEN THE CITY AND THE CAPE TOWN STADIUM

As previously reported, an MFMA required service delivery agreement was signed between the City and CTS on 15 November 2018. CTS continues to comply with its contractual obligations set out therein.

### 4.2 CTS ME SDA OVERVIEW

The salient provisions of the SDA between the City and CTS, which was renewed for further three (3) year period are captured in the following table:

<b>Period of agreement</b>	The initial duration of the agreement is 50 years. The City may, at its sole discretion, extend the Service Provider's (ME's) appointment for a further period of 49 years.
<b>Funding</b>	The City will provide the grant/allocation to cover CTS operational expenditure in terms of an approved budget as well as provide support services for the first three years. 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.
<b>Staffing</b>	The City will second staff members to the ME with the concurrence of the staff members concerned. Staff currently employed at CTS 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.
<b>Services to be Provided</b>	The following services are to be provided: <ul style="list-style-type: none"> <li>• General facility maintenance &amp; event support operations</li> <li>• Events and entertainment services management</li> <li>• Commercialisation, marketing and hospitality management</li> <li>• Finance, legal and administration management</li> </ul>
<b>Ownership and Control</b>	The City of Cape Town is the 100% shareholder of the ME.
<b>Oversight Processes</b>	The Finance Directorate (Treasury Department) of the City monitors the SDA and related performance and compliance of the municipal entity.
<b>City's Obligations</b>	<p>The City must provide dedicated and prioritised support with regards to accounting, financial management and budgeting per MFMA, including utilisation 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.</p> <p>In addition, the City must provide dedicated and prioritised services in regard to human resource management support, as well as internal audit and risk management support including oversight over the service provider's audit committee.</p>

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:

#### **4.2.1 GENERAL FACILITY OPERATIONS**

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

#### **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 LEGAL HR AND ADMINISTRATION MANAGEMENT**

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





CAPE TOWN STADIUM

# **5** **EXECUTION OF CTS SERVICE DELIVERY MANDATE**



## 5 EXECUTION OF CTS SERVICE DELIVERY MANDATE

To guide the implementation of the City mandate per the SDA, the following strategies and implementation plans are in the process of being rolled-out at CTS:

- Commercialisation Strategy and Implementation Plan;
- Integrated Event Strategy and Implementation Plan;
- Marketing, Communication, and Events Acquisition Strategy and Implementation Plan;
- CTS Maintenance Strategy and Implementation Plan;
- CTS Succession Strategy and plan.

### 5.1 COMMERCIALISATION

At the core of commercialisation of Cape Town Stadium is the acquisition, hosting and retention of events. The nature and frequency of events will dictate the success of the commercialisation and the financial sustainability of the Cape Town Stadium.

To this end, the most desirable events have been identified as those that provide the:

- greatest commercial yield; and
- the greatest number of spectators.

To this end, the success and operational performance of the stadium in future years will not only be measured on the number and quality of events but also by the number of spectators in attendance at such events. This, in turn, will influence the nature of the event that we elect to host at Cape Town Stadium. Exposure to a greater spectator yield generates greater revenues through the sale of goods and services (e.g. food and beverage), to consumers, higher rentals through larger events, and increased value to stadium sponsorship partners such as pouring rights, naming rights, and preferred suppliers.

To align to the strategic importance of spectatorship, service delivery, and experience the first area of commercial focus is to implement the event commercial overlay and associated activities – these include the appointment of concessionaires, hospitality partners, liquor distribution services, and the associated revenues such as pouring rights partners and preferred suppliers.

### 5.1.1 IDENTIFICATION OF COMMERCIAL OPPORTUNITIES CURRENTLY AVAILABLE TO CTS

<p><b>Initiated &amp; in planning:</b></p> <ul style="list-style-type: none"> <li>• Naming rights partnership</li> <li>• Food and Beverage concessionaires for the general public;</li> <li>• Rental of bow and non-bowl for events, conferences, trade shows and film shoots;</li> <li>• Event negotiations and commercial rights for event days;</li> <li>• Hospitality, catering &amp; banqueting services;</li> <li>• On-boarding Anchor Tenant;</li> <li>• Target relationships with Event Organisers and Sports Federations for repeat usage;</li> <li>• Liquor warehousing &amp; liquor distribution;</li> <li>• Preferred Suppliers and Pouring Rights Partners;</li> <li>• Event-related equipment and asset rentals;</li> <li>• Technical and commercial rights fees.</li> </ul>	<p><b>Future considerations:</b></p> <ul style="list-style-type: none"> <li>• Static and electronic (LED) advertising rights;</li> <li>• Commercialisation of office space;</li> <li>• Commercialisation of the retail corridor;</li> <li>• Commercialisation of parking for the event and non-event days;</li> <li>• Wi-Fi and bowl connectivity solutions;</li> <li>• Packaged hospitality services;</li> <li>• Commercialisation of the business lounge;</li> <li>• Implementation of Anchor Tenant commercial overlay;</li> <li>• Implementation of commercial overlay for events hosted at CTS.</li> </ul>
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An overview of the CTS Partially Outsourced Commercialisation Implementation Strategy, to give effect to the City's full commercialisation mandate has already been initiated as set out earlier in this Report. The services to be outsourced have been identified, together with those that will be conducted in-house. The tender for the provision of services to secure a Naming Rights Partner was awarded in November 2018 and, a year later has resulted in the successful approval, by Cape Town City Council, of a Stadium Naming Rights Partner (DHL). It is projected that the Naming Rights sponsorship will commence during the 2021 financial year.

A further seven (7) commercial tenders have been advertised and are currently being assessed in terms of the City's Supply Chain Management Policies, with the intention being to appoint service providers ahead of the 2020/21 financial year.

A binding Heads of Agreement ("HOA") was signed between the City of Cape Town and Western Province Rugby ("WPR") in November 2019 in respect of the relocation of WPR, as a premium anchor tenant, to the Cape Town Stadium. The amplifying formal Anchor Tenant Agreement, provided for in the HOA, is in the final stages of drafting, with the objective being to sign the Anchor Tenant Agreement with Western Province Rugby ahead of the commencement of the 2021 Rugby Season.

This key strategic commercial development, together with the appointment of various categories of commercial service providers to leverage off it (as detailed above), will position the commercial overlay strategy to be activated during the 2020/21 financial year.

## **5.2 INTEGRATED EVENT STRATEGY**

CTS will continue to maintain a client-centric approach to secure and retain long-term clients whilst seeking multi-year agreements with existing and prospective clients. CTS will also endeavour to seek partnerships with other key major event role players to attract major sporting and recreational events to the stadium and the City.

To offer assurance to the quality of experience to both the Event Organiser and Spectator, an integrated approach has been adopted by management, with the aim of offering a seamless and user-centric service to clients. This approach will be enhanced by the re-organisation of information and systems to promote new and existing initiatives.

An agreement in principle has been reached with Western Province Rugby regarding a joint WPR Event and spectator experience enhancement strategy which is in the mutual best interests of both CTS and WPR. It is set to be implemented during the second quarter of the CTS 2020/21 financial year.

## **5.3 MARKETING, BRAND AND EVENT ACQUISITION**

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

- CTS Marketing Plan;
- Social Media Strategy Plan; and
- the leveraging of its new stand-alone website, Instagram and LinkedIn accounts

An agreement in principle has been reached with Western Province Rugby Marketing and Communications department regarding a joint marketing and communications strategy which is in the mutual best interests of both CTS and WPR. It is set to be implemented during the second quarter of the CTS 2020/21 financial year.

CTS will continue with its process of developing an internationally benchmarked Events Acquisition Strategy.

## **5.4 INTERNAL COMPANY SERVICES - ADMINISTRATION, LEGAL & HUMAN RESOURCES**

The organisational restructuring of the macrostructure for CTS was completed (in line with the CTS Board strategic planning of all CTS Departments) and has been implemented. This initiative has been successfully executed. The on-going management and fine-tuning of the revised structure will continue through 2020/21.

As stated earlier in this Report, CTS's corporate governance structure and systems have been established and successfully implemented. The on-going management and fine-tuning of the said structures and systems will continue. As also stated, CTS is in the process of identifying the menu of services it may require from an experienced Company Secretariat service provider. Such services will be secured either via a tender process or utilising existing tenders of a similar nature. It is envisaged that the new Company Secretariat will be in place by early 2021.

## **5.5 FACILITY OPERATIONS**

A Maintenance Strategy with detailed maintenance and the scheduled programme of activity has been implemented per the current CTS Business Plan. The stadium maintenance strategy is approved by the Board of Directors and continues to guide strategic, preventative, and general maintenance activities at CTS.





CAPE TOWN STADIUM

# 6 SWOT ANALYSIS

## 6 SWOT ANALYSIS

The SWOT analysis of the Cape Town Stadium has been reassessed, taking into account the current internal, micro and macro environment:

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• World Class iconic multi-purpose stadium with premium facilities;</li> <li>• Centralised location in a popular and safe suburb and surrounds;</li> <li>• Attractive ZA Currency rates for overseas Event Organisers;</li> <li>• Capital investment of R280million to increase suite capacity by 168 &amp; pax to 7100;</li> <li>• On the My City and Hop-On Hop-off bus routes;</li> <li>• Good access to public transport and extensive parking facilities;</li> <li>• Established relationships with primary sports tournaments and event organisers;</li> <li>• Acquisition of a major sports franchise (WPR) as an Anchor Tenant;</li> <li>• Well maintained infrastructure and pleasant spectator environment/amenities;</li> <li>• Dedicated, knowledgeable staff;</li> <li>• Client-centric approach to customers;</li> <li>• Stand-alone auxiliary power capabilities;</li> <li>• Proactive and competent Board and Senior Management structures;</li> <li>• Good governance and clean audits;</li> <li>• City of Cape Town support;</li> <li>• Proven and known capabilities in multi-purpose events.</li> </ul>	<ul style="list-style-type: none"> <li>• Stadium currently rented as a “clean stadium” with all commercial benefits to the Event Organiser;</li> <li>• Commercial value untested – based on assumptions;</li> <li>• Dependency on grant funding;</li> <li>• No direct relationship with the spectator;</li> <li>• Limited pool of new, potential Event Organisers/Tournament Organisers that can fill the Bowl;</li> <li>• Inability to record and report detailed revenue streams due to use of City SAP system (proposed acquisition of financial system will resolve);</li> <li>• Safety and hygiene conditions in areas immediately surrounding the precinct outside of CTS control;</li> <li>• Perceived historical low value of purpose of CTS by certain sectors in Cape Town ratepayer constituency;</li> <li>• Lack of ERP (Enterprise, Resource and Planning) system to support business needs electronically.</li> </ul>



Opportunities	Threats
<ul style="list-style-type: none"> <li>• Implementation of commercial event overlay and securing revenues for CTS;</li> <li>• Realising other commercial opportunities beyond event-related initiatives;</li> <li>• Finalising of the formal ATA following HOA securing of WPR as an anchor tenant;</li> <li>• Become preferred venue of choice of major local sports and international controlling bodies;</li> <li>• Formal relationship with PSL CPT based team;</li> <li>• Formal relationships, on new commercial terms, with Event and Concert Organisers;</li> <li>• Increased word of mouth references &amp; promotions through appointed Service Providers for commercial overlay;</li> <li>• Events acquisition strategy in line with target markets identified and maximisation of all available commercial spaces;</li> <li>• Become the “stadium of choice” on the international concert tour circuit for Africa;</li> <li>• Implementation of Integrated management approach to unlock identified opportunities;</li> <li>• Synergy with the City of Cape Town - joint strategic initiatives to attract future major domestic and international events to the stadium.</li> </ul>	<ul style="list-style-type: none"> <li>• Continuance of impact of Covid-19 (or any other future catastrophe limiting spectator attendance at the Stadium) and the ability to plan and commit to spectator events;</li> <li>• On-going poor local economic climate;</li> <li>• Weak rand against USD affects Event Organisers ability to bring major concerts and similar major international recreational events to SA;</li> <li>• Reliance on Anchor Tenant and Event Organisers/Sports Federations short and long term viability;</li> <li>• Bidding and hosting strategies of other SA Cities and the competitive environment this creates;</li> <li>• Competing against TV for the sports spectator – reliance on EO creating experiences that are worthy of attendance;</li> </ul>



CAPE TOWN STADIUM

# 7 MACRO ENVIRONMENTAL ANALYSIS

## 7 MACRO ENVIRONMENTAL ANALYSIS

A review and update of the current high-level macro-environmental (PESTEL) operating environment analysis, outside of the control of CTS, originally undertaken in terms of the previous 2019/20 business planning period was re-visited and updated for the current CTS financial year. Amendments to the PESTEL analysis in respect of the impacts of the current and potential operating environment of CTS, on its business operations have been executed in terms of the original analysis.



Reference: [www.business-to-you.com/scanning-the-environment-pestel-analysis/](http://www.business-to-you.com/scanning-the-environment-pestel-analysis/)

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

### **7.1 POLITICAL**

- Global political instability;
- Changes in local and National Government structures and priorities;
- The continuing impact of rampant political corruption.

### **7.2 ECONOMIC**

- Exchange rate fluctuations - a depreciation of the Rand against all major currencies;
- Fluctuating interest rates;
- The weakened economy, further weakened by the local Covid-19 'lockdown' and the on-going restrictive "state of disaster" regulations that impacts on buying/spending power of consumers;
- International/National travel restrictions on spectators and teams/artists;
- Continuation of National Government ban on large public events;
- Resultant less disposable income for general public spectator attendance at stadium events;
- Instability of power generation by state-owned ESKOM and increasing utility costs;
- Poor international perceptions of SA's credit stability and impact of government corruption;
- Perceived impact of stadium's cost on the Cape Town ratepayer;
- Increased international and domestic travel/transportation costs;
- Upward trend in fuel (diesel, petrol & gas) prices.

### **7.3 SOCIAL**

- COVID 19 Behavioral shifts - fear of large crowds, the creation of a "social void";
- Continued and ever increasingly high rates of unemployment and poverty - relevant to the immediate environment.

### **7.4 TECHNOLOGICAL**

- Constant connectivity - the expectation of people to have uninterrupted connectivity;
- Shift to OTT/Digital communications and broadcast vs terrestrial broadcast and print media;
- 5G roll out and new technology vs outdated current technologies;
- The spectator experience is now both digital and physical.

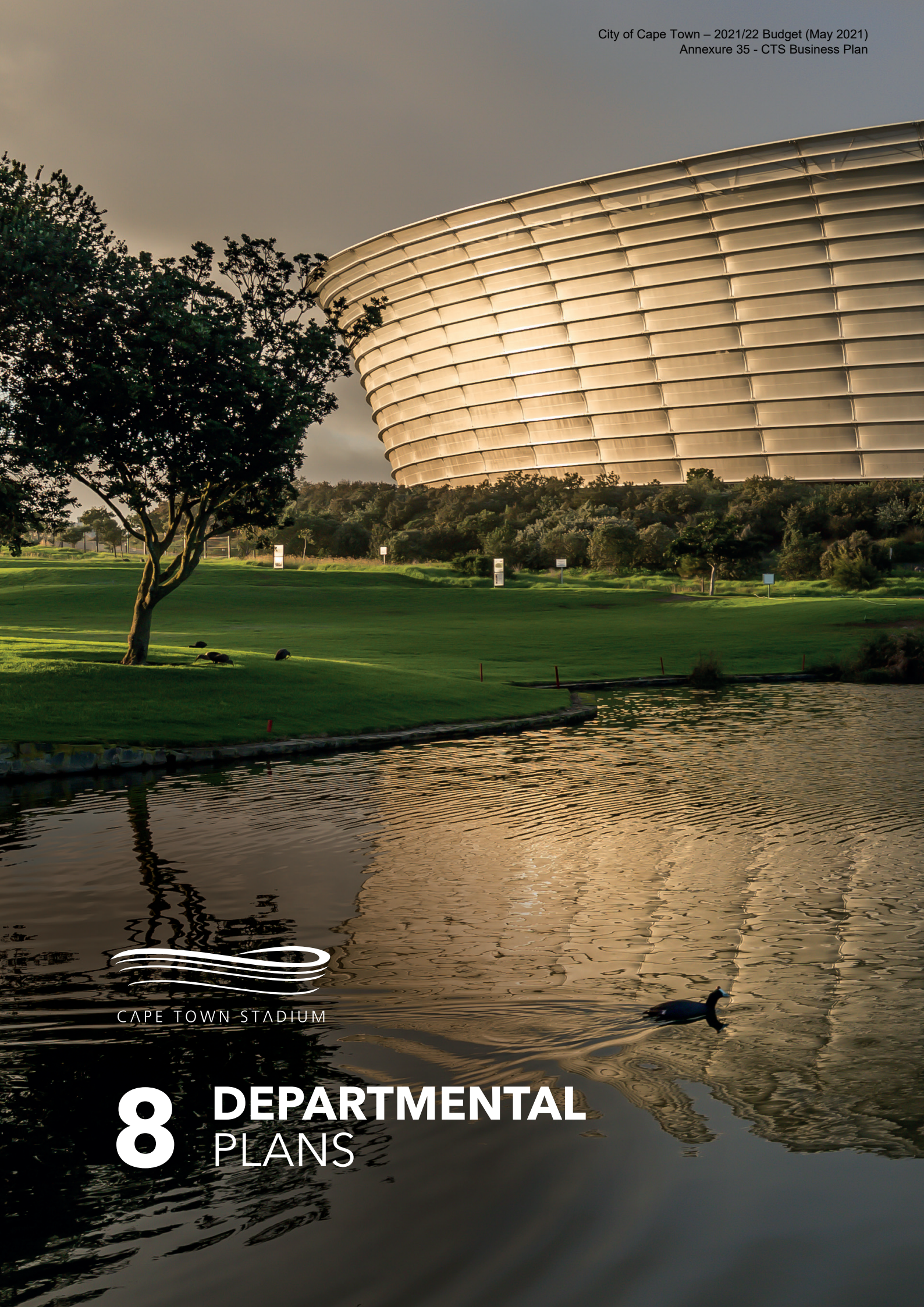
### **7.5 ENVIRONMENTAL**

- Highly competitive local major 2020 stadium operating environment;
- Continued high crime rate - impact on night-time major events;
- Vagrancy in the immediate precinct of Stadium - lack of enforcement of applicable City by-laws;
- Event-related light pollution and noise attenuation;
- Carbon footprint and waste management.

## **7.6 LEGAL**

- Wide-ranging National, Provincial and Local Authority legislative compliance framework applicable to CTS;
- Although improved following establishment of the ME, commercially restrictive provisions of the MFMA;
- Impact of SASREA compliance and the over-reaching interpretation of the Act vis a vie the stadium by key local safety and security stakeholders;
- Potential amendments to the Preferential Procurement Policy Framework;
- The high costs of environmental protection compliance;
- OHSE compliance impact.





CAPE TOWN STADIUM

# 8 DEPARTMENTAL PLANS



## 8 DEPARTMENTAL PLANS

### 8.1 MARKETING, BRAND AND EVENTS ACQUISITIONS

#### 8.1.1 DEPARTMENTAL MANDATE

This Department is currently and will continue to execute its mandate as follows:

- The driving of all identified aspects relating to the management of the marketing and brand components of CTS;
- The procurement/acquisition of profitable events;
- Preparation for, in consultation with the WPR Marketing and Communication Department, the relocation and bedding down of WPR, as a premium Anchor Tenant at the Cape Town Stadium.

#### 8.1.2 HIGHLIGHTS

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

- The development and approval of a Social Media Strategy;
- The establishment and management of a stand-alone CTS website ([capetownstadium.co.za](http://capetownstadium.co.za)) and the on-going administration thereof. This remains the single point of entry into the business of CTS for all event bookings requirements. It has become a key business catalyst for CTS;
- The management and administration of the Instagram profile @capetownstadium to promote events and to showcase the iconic nature, aesthetics, versatility and events business case of the facility;
- A 120% growth, off a low base, of the Cape Town Stadium Instagram following during the past financial year. This has laid a solid audience foundation with which CTS can push event-related content and information;
- The establishment and management of a LinkedIn account to promote business and business engagement;
- Continued management and ensuring adherence to the Brand growth and corporate identity of CTS.

### 8.1.3 MARKETING AND BRAND MANAGEMENT

#### Overview

The Integrated Brand Management, Niche Marketing, PR, and Communications Strategy was originally developed and approved by the CTS Board for implementation during the 2019-2022 business planning period. The strategy remains in place and CTS is in the midst of the implementation thereof.

In this regard, the following aspects of the strategy are being bedded-down or are in the process of being implemented:

- The CTS's website continues to be a source of information and marketing to the public and forms an integral role in terms of being the single point of entry for all events to be booked and ultimately hosted at the CTS.
- The CTS Instagram account has been in operation since December 2018. With the current management and content creation being shared with the CTS's virtual followers over the past 12 months, the number of followers on the platform has more than doubled. This platform continues to prove a crucial aspect of sharing unique content with followers as well as targeted segments of the population through paid-for-ads.
- The LinkedIn account for CTS was successfully implemented with the underlying motivation for the creation of this account being to create a business to business communications platform for CTS. This platform has aired interesting thought leadership posts and video created content with connections.

These social media platforms will, inter alia, continue to be utilised as follows:

- To build and grow CTS followers on Instagram and LinkedIn from a zero base to 5% of competitive stadium's followers within this 12-month business cycle;
- To increase the unique user visits per month to the stadium website;
- To reposition the CTS (now managed by a stand-alone specialist service provider) as far as historical public perception and sentiment is concerned;
- Generate positive public sentiment on the stadium's social media platform brand pages through, inter alia, prompt and efficient community management, escalations processes, and effective resolutions process;
- To generate business leads which will be filtered through the online bookings process;
- To measure statistics based on the performance of social media content and online traffic on the 3 new CTS social media platforms.

The roll-out of CTS's Integrated Brand, Niche Marketing, PR and Communications strategy has remained focused on establishing CTS 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.

CTS's Social Media Strategy is playing a key role in the achievement of this goal and will be maintained throughout the period covered by this Business Plan. The ultimate objective of this Social Media Strategy is to elevate the CTS profile. This is and will be achieved by:

- hosting increased numbers of major international events;
- increasing public participation at CTS events;
- leveraging off the relocation of a premium domestic sporting franchise, WPR, as a premium anchor tenant, to the Cape Town Stadium;
- taking initiatives to entrench the stadium as “top of mind” with all categories; of event organisers;
- growing the CTS and stadium brand value;
- hosting more non-bowl corporate events.

### **Implementation**

Implementation of the CTS Integrated Brand Management, Niche Marketing, PR and Communications Strategy and Plan will continue, as more fully set out below:

- Increasing the brand awareness of the stadium by utilising social media to showcase, to corporates and local and international event rights holders and organisers, CTS's multi-purpose mixed-use facilities and the internationally acclaimed successful events that have been staged there;
- Continue managing the public perception of the stadium - the current perception is that the stadium is currently not being utilised to its full potential. The planned relocation of a major professional sporting franchise, WPR, to the stadium, is a 'game-changer' in this regard. By effectively marketing, advertising, and communication of up-coming bowl and non-bowl events and functions and the “happenings” at such events across all social media, CTS is gradually negating and turning-around that perception;
- Increasing awareness of the stadium as a desired local events venue by continuing to showcase the event space and opportunities to attract local and international event organisers to utilise the world-class stadium space and facilities;
- Promotion of the CTS as an iconic, internationally recognised, world-class venue. Active marketing steps through social media and other platforms are being taken to increase the international stature of the stadium, increase attendance, and the number of events. This in part is being achieved by actively show-casing how well, and professionally, major international events are executed by CTS at the stadium;
- Support the objective of the stadium's financial sustainability through the use of social media platforms and other channels, including the provision of marketing collateral.

#### 8.1.4 EVENTS ACQUISITIONS

Following the restructuring of the organisation towards the end of the 2018/19 financial year, the function of events acquisition was identified as pivotal to the process of CTS becoming financially sustainable:

The Event Acquisition Strategy aims to attract the most desirable events to the CTS, taking into account the identified target markets and commercialisation objectives.

The current objective is targeting and attracting high yielding events to CTS - those events with the potential to attract the greatest spectator yield, in turn creating a commercial opportunity for hospitality, food and beverages, alcoholic and non-alcoholic beverages, and other consumer products and services. The event acquisition strategy identifies 2 primary usage areas for events:

- **Bowl Events:** Events that utilise the internal bowl and general spectator seating area of the stadium, generally including the pitch. This may be for sporting events and recreational events such as concerts, religious ceremonies, or other identified usage. The manner in which space is utilised is flexible, dependent on the nature of the activity, stage configuration requirements, and event plans.
- **Non-Bowl Event:** Events hosted at CTS that utilise any space other than the pitch, general spectator seating area or bowl area. Potential clients for these areas include:
  - Corporate conferences, meetings, training sessions, and workshops;
  - Social gatherings such as weddings, parties, and celebrations;
  - Film shoots;
  - Displays, Expos, and product launches.

In the identification of space for non-bowl events, there are 2 specific drivers:

- **Dark Days:** Periods, where certain spaces within the stadium normally remain underutilised with little or no revenue generation, being used to generate revenues during this specific period. These dark days are generally "out of season periods" and allow for the CTS to optimise opportunities and generate revenue by reaching out to various industries where these days could be utilised;
- **Dark Spaces:** Spaces that are often overlooked or not generally utilised but offer unique value due to the nature of the venue if made available to the right target market. These 'dark' spaces have been identified to promote the underutilised areas to specific target markets, resulting in increased revenue to CTS.

The approach to Event Acquisition will be collective and consultative – to ensure the selection of events will be best suited to the overall objectives and operational efficiencies of the stadium business. Such variables will include the Entity's financial position, ease, and cost of facility maintenance, the limited bowl events calendar, and the best use of space of non-bowl areas.

While the priority will remain to focus on maximising the "bowl" event calendar with events that offer a high commercial yield, the secondary focus will be to identify and target potential users of 'dark 'days and 'dark' spaces, in turn complementing the bowl events and maximising the use of the entire stadium.

#### **8.1.5 MONITORING & EVALUATION**

The success of the Event Acquisition strategy will be measured by the number of new Event Organisers and the number of new events attracted to CTS through the event acquisition process.

It will further be measured by the relevance of the attracted events in relation to the identified target market.



## 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 CTS. The CTS Business Plan (2021 – 2022) as approved by the Board set the following objectives for commercialisation:

- The conclusion of the MATR process allowing for the commercialisation of retail, office and parking to be commercialised;
- Revision of the commercial strategy & implementation model promoting the insourcing of key functions (commercial, strategic, management skills, event calendar & scheduling, commercial inventory, quality, and financial control) and outsourcing of other functions (event-related services, property management services, and various suppliers);
- This model allowing for a partially outsourced model, that over time will see the majority of functions being in-sourced, to the benefit of CTS;
- The securing of a premium professional sporting franchise anchor tenant in the form of Western Province Rugby.

The commercial business plan is currently being implemented and is on track to meet departmental objectives.

### 8.2.2 HIGHLIGHTS

During February 2020 the Commercial Department was launched with the appointment of an experienced and resourceful Commercial Manager to drive the CTS Board approved commercial strategy forward. This resulted in a dedicated focus on commercial elements and the practical delivery of the identified strategy of insourcing key functions becoming a reality.

- **Naming Rights:** With the appointment of a service provider to sell the Naming Rights in May 2018, the offering was taken to the market during the 2019/2020 financial year, with the market reacting positively. The Cape Town City Council has considered and approved a bid by DHL, a large multi-national logistics company, to be the naming rights sponsor of the Stadium. It is anticipated that the process will be concluded by December 2020 and that the sponsorship will commence during 2021.
- **Commercial overlay:** Core to the commercial offering is the event day commercial overlay – to this end a total of 6 tenders were completed and advertised in the first 6 months of the current CTS financial year. The tenders display complexity in that they were income-based tenders which resulted in the tenders not being awarded. The tenders will be re-advertised taking into account the preference price points.

- While the aforementioned delay was not anticipated, the benefit it has brought is that discussions with Western Province Rugby (WPR) have progressed. A binding Heads of Agreement (“HOA”), in terms of which WPR has committed themselves to relocation as a premium anchor tenant to the Cape Town Stadium, was signed between the City and WPR in November 2019. Since the execution of the HOA, WPR actively speaking in the market place of their imminent move to Cape Town Stadium. This has increased the perceived value of the commercial tenders and should result in more substantial bids.
- **Anchor Tenant:** Negotiations are in progress with regards to the detailed formal Anchor Tenant Agreement which, as required by the HOA, amplifies the terms agreed to by to the HOA. This agreement, together with the Suite Use Concession Agreement and Office Lease Agreement, will form the cornerstones of the future business relationship with WPR. It is anticipated these agreements will be concluded by early 2021, with all parties aiming for Western Province Rugby to commence their 2021 season at CTS.
- A significant amount of time has also been spent on understanding and planning the realisation of commercial revenue streams in relation to the agreed CTS financial and revenue share model - “Annexure 5B” (an annexure to the HOA) which outlines the commercial revenue-share between WPR and CTS. This has required strategic alignment between in-house services, the commercial service providers that will be appointed through the commercial tender process currently underway, and the strategy for each revenue stream such as the Business Lounge, food and beverage, hospitality, liquor distribution, and concessionaire sales to the general public. The result is an encompassing strategy that aligns to the agreed rights granted in “Annexure 5B”.
- **Parking:** While a tender was completed to secure a parking service provider for CTS, there were no bids received. It was decided, rather than to go to market again with the same specifications, to wait until the needs of WPR had been defined so that the tenders for retail space, office space, and parking could be reviewed collectively to ensure alignment and the best possible commercial offering.

The commercial strategy has and will continue to progress in line with the approved mandate given by the CTS Board of Directors.

### 8.2.3 COMMERCIALISATION STRATEGY AND PLAN

#### **Commercial Event Overlay**

Six tenders were completed in 2019 to enable the event commercial overlay. These tenders included food and beverage concessionaires, pouring rights, preferred product suppliers, liquor distribution, and hospitality service providers.

These tenders were duly cancelled at BAC in September 2020 due to technicalities relating to the evaluation of income-based tenders. New tenders were drafted based on the legal opinion of how income-based tenders should be completed, together with an additional tender for the sale of advertising space (and other inventory) have been completed.

The 2021/22 financial year will see the full implementation of the commercial event overlay, which will include:

- The appointment of commercial service providers (concessionaires, pouring rights partners, preferred product suppliers, liquor distribution agent, and hospitality agent), the development of management processes for service delivery and mechanisms for performance evaluation;
- Developing the platform of communication and engagement between service providers to ensure efficient service delivery that is well-governed;
- Ensuring the process of revenue collection and recognition is accurate and meets reporting requirements.

Dedicated focus will be given to revenue reconciliation and reporting to meet both governance and third party contractual obligations. To this end, CTS will be purchasing an “off the shelf” accounting package to ensure general ledger accounts support the business needs. Attention will also be given to the on-boarding of all new commercial service providers - this process will see the appointment of between 10 - 15 service providers who will be required to interact with one another in the delivery of their respective areas of service delivery. Standard operating procedures will be developed that ensure requirements are met and quality assurance is achieved.

#### **Naming Rights and Advertising Inventory**

The Stadium Naming Rights Partner proposal was approved by the City of Cape Town Council in October 2020. Final negotiations will be concluded with the intention of introducing the Naming Rights Partner during January 2021. The focus for the next year will move towards the successful implementation and measurement of the return on objectives and investment of the Naming Rights Partner to ensure synergy and value creation for both parties.

The finalisation of this process will unlock the value of the balance of advertising inventory within the CTS, which will in turn create commercial value. To this end, a tender is in the process of being advertised for the sale of advertising space and other inventory. This in preparation for the implementation of a sales plan with regards to sponsorship, advertising space, and other inventory the commercial strategy will promote.

### **WPR - Anchor Tenant**

With the HOA signed in November 2019 and the Anchor Tenant Agreement that amplifies the terms of the HOA currently in the drafting stage (together with an office lease agreement and a suite use concession agreement), we anticipate that Western Province Rugby will commence their 2021 season at CTS, with the “Home of Western Province Rugby” formally moving to the stadium in the lead-up to the commencement of the 2021 WPR professional season. This will see WPR play all their Senior Professional Rugby matches at the stadium, together with any Springbok Test Matches allocated to them by SARU. It is estimated that this will bring approximately 14 – 18 more events per annum to the stadium - with a conservative estimated average attendance of 20 000 pax per match.

Of particular focus is the commercial terms agreed between CTS and WPR which will see the Commercial Division focus on the service offering of its Business Lounge and other revenue streams as detailed and agreed in the HOA signed between the Parties. While securing WPR as an Anchor Tenant is a key strategic objective, we intend to ensure that we remain accessible to other major sporting federations, controlling bodies and professional teams, including professional football, to underline our position and commitment to be a multi-purpose venue which promotes community access.

### **Development of Commercial Space (retail, parking, office)**

A tender was advertised for the provision of parking services for Cape Town Stadium during 2018. This tender did not receive any responses and has been cancelled. By November 2020 it is anticipated the special requirements of WPR with regards to WPR Event and Non-Event Day parking, and office space will be confirmed and implemented, leading to the opportunity to further analyses office space, retail space, and parking areas. This will allow for meaningful strategy development in respect of the way forward and ahead of the start of 2021 financial year. Initial investigations have included the shared use of partial space with WPR to develop a museum and retail shop. These plans and others will be developed into a strategy for implementation during the 2021/22 financial year.

### **8.2.4 MONITORING AND EVALUATION**

The impact of the commercialisation implementation strategy will be measured against the implementation of the commercial event overlay. This in turn will result in increased revenues.

## 8.3 OPERATIONS AND EVENTS

### 8.3.1 OVERVIEW

The Operations and Events Department was positively influenced by the organisational restructure undertaken by CTS to enable the ME to meet its contracted deliverables in terms of its SDA as agreed with the City. In essence, the former Facility Operations Department was merged with the Events Department to create one unified department responsible for interaction with all Event Organisers and other client bookings and deliverables. This has had a significant impact on achieving a client-centric approach to service delivery and was the first step in the alignment of an integrated approach, by CTS, towards events.

Aside from managing the full event enquiry, booking, execution and close-out process, the Operations and Events Department also manages and maintains an intelligent stadium where integral sub-systems and technologies are merged via a Human Machine Interface ("HMI").

A new structure (as per Annexure A) was conceptualised and developed in early 2019 to enable the restructured Operations and Events Department to deliver on its new mandate.

In reviewing its new scope of works and addressing its new mandate, the Operations and Events Department has developed all related policy and procedures for all event management and event operations to ensure greater client centricity, promotion of various stadium eventing spaces and total quality management for the optimising of client retention,

The goals of the Operations and Events Department include:

- the optimisation of client-centricity;
- ensuring business continuity;
- quality assurance of service delivery ;
- enhancing the spectator experience through event services and stadium knowledge;
- event support operations inclusive of planning and execution of all minor and major events hosted at CTS;
- ITC /Data management;
- safety and security management;
- the promotion of environmental sustainability;
- facilities maintenance management.

### 8.3.2 DEPARTMENT MANDATE

The Operations and Events Department is responsible and accountable for the stadium asset preservation and the overall operations and events management of the stadium. The Department executes its mandate as follows:

- The delivery of optimal and sophisticated facilities management;
- Safety and Security Management aligned to international best practice;
- Advanced Infrastructure Management;
- Business Continuity Management;
- The enhancement of information technology and communication systems and approaches;
- The provision of policy directive and guidance aligned to Event Sustainability and Management Systems;
- Integrated Events Management and the provision, quality assurance and management of all operational business services and;
- Client Relationship Management.

### 8.3.3 HIGHLIGHTS

#### **Integrated Events Strategy**

The strategy aims to achieve an integrated approach to eventing that sees a seamless client-centric approach to event management and execution. The strategy was approved by the CTS Board of Directors in August 2020. The Operations Department is the custodian of this strategy and is in the process of championing an integrated operational implementation plan to ensure the realisation of this strategy.

#### **British and Irish Lions Tournament**

CTS secured the Cape Town leg of the British Irish Lions 2021 tour and will host two fixtures (including a Springbok Rugby test and a WPR Stormers match) during July 2021. It is assumed that government would phase in the lifting of Covid 19 lockdown restrictions by 1 July 2021 and that spectators will be allowed in attendance at events.

#### **Anchor Tenant Onboarding**

The Operations Department is hard at work ensuring the smooth operational on-boarding of the premium stadium anchor tenant WPR. This has involved, inter alia, the:

- development and detailed understanding of the revised accommodation schedule, including the new hospitality Suites and Business Lounges;
- identifying and satisfying the WPR professional teams needs with regard to practices, and
- familiarising and orientating WPR with the stadium and assisting them with their hospitality suite sales efforts. The process has also seen the development of all detailed schedules for various agreements that will govern the on-going anchor tenant usage of the CTS.



Significant time has also been spent on the events calendar and the manner in which WPR can be accommodated while ensuring the objectives of remaining a multi-purpose venue are achieved. This has been done through careful planning and deliberating of the future years' event calendar.

### **Cape Town City Football Club**

Cape Town Stadium and Cape Town City Football Club have concluded the renewal of a three-year memorandum of understanding. The agreement commenced on the 10 October 2020, with the first period catering for events without spectators. Further commercial terms will be finalised for the longer term, ending in 2023.

### **Concerts**

The stadium has entered into discussions with various Event Organisers and has provisionally secured a concert line up for the next financial year. The international concert circuit remains impacted by the COVID-19 pandemic. International travel restrictions remain a significant influencer in this regard.

### **Additional Hospitality Suites**

The Department has been responsible for the project management and construction of tender project 122Q/2019/20 at the Cape Town Stadium.

The project involves the development and construction of additional Hospitality areas and alterations to existing hospitality and related Infrastructure. The project is currently in its construction phase and is scheduled to conclude in March 2021. Upon completion, Cape Town Stadium will boast 236 suites and a business/hospitality seating capacity of 7329 - further enhancing its international standing as a major event venue of choice.

### **Operational Tenders**

The Department has completed the awarding of twelve (12) operational tenders and is in the process of the implementation of the same on-site. They are in respect of the provision of:

- Audio Visual System Maintenance Services;
- Fire & Access Control System Maintenance Services;
- Electrical, Lighting & Power Generation System Maintenance Services;
- HVAC & Mechanical Pump Maintenance Services;
- Lift Maintenance Services;
- General Building Maintenance Services;
- Pitch Maintenance Service;
- Cleaning and Waste Management Services;
- Specialised stadium infrastructure cleaning services;
- Safety and Security Services;

- Fencing;
- Landscaping Maintenance Services.

#### **8.3.4 SASREA COMPLIANCE**

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

The Operations and Events Department is currently, following application, awaiting the issue of the SASREA required Section 10 stadium Alteration/Extension Safety Certificate in respect of its additional suite capital project referred to above.

#### **8.3.5 EVENTS**

Cape Town Stadium has seen the cancellation of thirty (30) events at the outbreak of the COVID-19 pandemic at the back end of the 2019/2020 financial year and the first half of the CTS 2020/2021 financial year. The stadium at the time of the outbreak had already successfully hosted and delivered eighty-nine (89) multi-category events for the 2019/2020 financial year. The events cancelled include, but were not limited to, the World Rugby HSBC Cape Town Sevens Series, Comic-Con Cape Town Festival, "We are Africa" International Travel and Trade show as well as a number of Premier Soccer League ("PSL") soccer matches.

This global health crisis has negatively impacted various socio-economic industries, in particular, the events, tourism and hospitality industries. CTS has responded proactively to the COVID-19 pandemic by implementing stringent health, safety and return to work protocols as regulated by National Government, the World Health Organisation and international best practice.

The stadium has remained at the forefront of developing a "Return of Events COVID-19 Transmission Risk Reduction" standard operating procedure to be applied at all events at the stadium in the near future.

A projected slow recovery of the events industry is envisaged to commence during the third (3rd) and fourth (4th) quarter of the 2020/2021 - legislation permitting - especially with regard to the gathering of large numbers of spectators at major events. It is hoped that the events industry will make a full recovery during the second (2nd) quarter of the 2022/2023 financial year.

Although the COVID 19 pandemic has dampened what was a promising year, CTS has continued planning alongside many clients to mitigate the short to medium term impact of it. As such we look forward to hosting prestigious international events in the near future. We are particularly excited regarding:

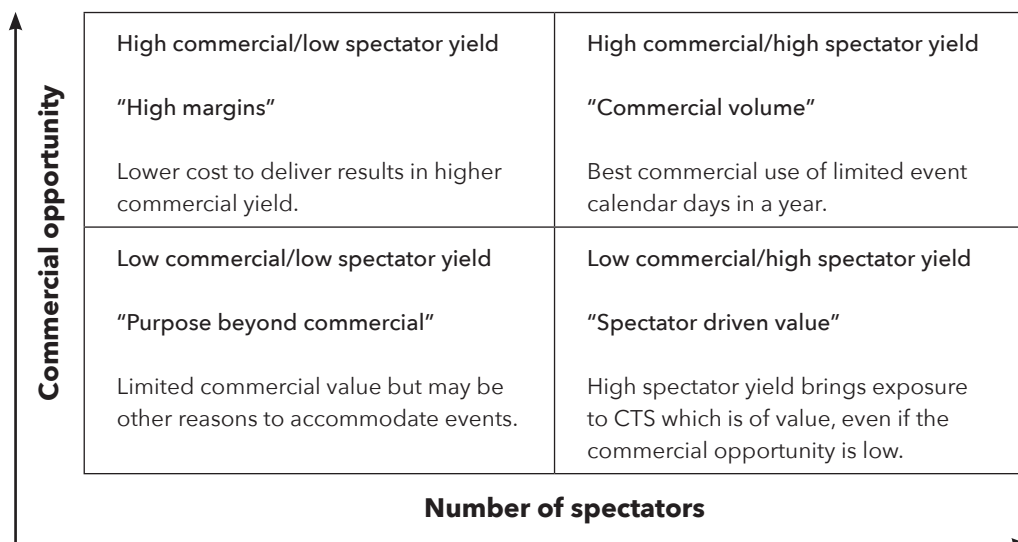
- the on-boarding and the hosting of the first of many WPR senior professional rugby matches at the stadium during the first quarter of 2021;
- the hosting of a Springbok Test and a WPR “Stormers” match during the British and Irish Lions Tournament during mid-2021;
- the hosting of the World Rugby Sevens World Cup™ in 2023;
- the return of the World Rugby HSBC Cape Town Sevens Series at the end of 2021; and
- a fully-fledged PSL League and Knock-out tournament season; and (hopefully);
- the hosting of major international music concerts during the first half of the CTS 2021/22 financial year.

### 8.3.5 INTEGRATED EVENT STRATEGY

#### Target Markets

CTS is on a path to realising its long-term strategic objective of achieving financial sustainability through, inter alia, the acquisition, hosting, retention of events and growth of its spectator base. CTS will achieve this by successfully implementing the Integrated Events Strategy and maintaining a diverse and exciting events portfolio which provides sufficient opportunity for revenue generation.

The Boston Growth-Share Matrix of market segmentation method has been utilised to identify the stadium’s target markets, with the market share (horizontal) being defined as the number of spectators and the market growth (vertical axis) defined through the commercial value created.



CTS has historically and currently served, inter alia the following target market and client base:

- International and national sporting controlling bodies including FIFA, World Rugby, SARU, SA Rugby, SAFA and the PSL;
- Major international and local music concert promoters;
- International and local Event Organisers;
- Event attendees;
- International and domestic motion picture film industry;
- International and local advertisers & sponsors;
- International and local major corporate clients;
- Local food, beverage & hospitality industries'
- Local and international communities; and
- Various City Rate-Payers Associations in proximity to the stadium.

## **Implementation**

In implementing the Integrated Event Strategy, the following principles will be applied:

### Smart selection of Events

CTS will aim to attract, host and retain prominent international, national, local and community-based events which attract a high spectator yield and therefore a higher commercial yield.

### Cross Department Synergy

CTS is in the process of implementing its integrated events strategy following the organisational restructure and realignment of, inter alia, its Operations Department. The implementation of the aforementioned strategy will achieve the objective of enabling operational synergy across all CTS departments, thus doing away with silo-orientated working units. This will in turn ensure enhanced delivery of events and client service.

CTS management, through a process of consultation and inter-departmental engagement, is reviewing all other organisational strategies to ensure alignment and calibration to that of the Integrated Events Strategy. The desired outcomes identified gives rise to the strategic principles, deliverables, divisional tactics and measurements that will facilitate event delivery effectiveness.

### Client-Centric Approach

The Integrated Events Strategy is developed to enhance client centricity and advance service delivery to all stakeholders of CTS. The Integrated Operations Implementation Plan will ensure the objectives and deliverables of the stadium are achieved.

### Measurement of Success

The success of this strategy will be measured by the number of events hosted, the number of spectators in attendance at such events and the income generated from them.

### **8.3.6 FACILITIES MAINTENANCE**

A Maintenance Strategy with detailed maintenance and the scheduled program of activity has been implemented per the 2019/20 CTS Business Plan. The Board approved the strategy, which guided strategic, preventative and general maintenance activities at the stadium.

The CTS Operations and Events Department also submitted and received CTS Board approval of the Maintenance Strategy to be implemented for the 2020/21 financial year. The aforementioned strategy is not only based on stringent fiscal adherence but also incorporates environmental sustainability as a key focus area. Our strategic maintenance planning also incorporates the principles of health, safety and engineering best practices which, in turn, form the backbone of the Stadium's 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 stadium building asset ages, a condition and risk evaluation based maintenance approach are being incorporated to ensure the optimal use of the available budget.

### **8.3.7 MONITORING & EVALUATION**

The Operations and Events Department has successfully introduced a project deliverable management and monitoring system across the Department. In addition, the relevant management 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 CTS 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 effective 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 with 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 MANDATE**

The operational mandate of the Company Services Department is to lead and manage Internal Corporate Services. The Internal Corporate Services Department provides efficient and effective organisation-wide support services for Human Resources, Administration, Legal and Company Secretariat.

### **8.4.2 HIGHLIGHTS**

During the current 2019/20 business planning period, the CTS Internal Company Services Section established and, going forward, will implement and/or deliver the following corporate support services to CTS:

- organisational structure to deliver on CTS mandate. The outcome of this exercise is reflected in the Human Resources Overview (below);
- 100% completion of CTS staff declaration of interests;
- 93% of the training budget spent despite the restrictions resulting from the COVID19;
- Further development and refinement of the Entity HR Manual;
- Refining the Records Management System to comply with prescribed policy and regulations;
- Establishment of a Stock control system to ensure proper record keeping of stock and stationary;
- Development of a Succession Plan for implementation in the 2020/21 financial year;
- Alignment of all Cape Town Stadium Key Indicators to the Corporate Objectives as per recommendation from Internal Audit;
- Development and monitoring of COVID-19 HR related issues for the Cape Town Stadium.

### **8.4.3 STRATEGY AND POLICY DEVELOPMENT AND IMPLEMENTATION**

The following policies were developed by the Department, approved by the CTS Board, and are and will continue to be, implemented:

- Cost Containment Policy;
- Hospitality Suite Policy;
- Director's Remuneration Policy;
- Risk Management Policy;
- Utilisation of Recreational Facility for staff policy.

#### **8.4.4. HUMAN RESOURCES AND ADMINISTRATION**

##### **Overview**

To support the CTS Entity's revised SDA based mandate, a new CTS organisational structure was developed. This restructuring was, inter alia, focused on the enabling of the over-arching CTS commercial agenda during the current and future business cycles. In essence, the revised structure has enhanced a culture that is predominantly commercially driven and business orientated, while promoting stronger integration between departments. This drive is supported by adequate and effective support provided by the internal Company services department.

Due to CTS's current commercialisation focus, a paradigm shift in HR philosophy and strategy was been required. It is currently being implemented within the internal CTS operating environment.

In this regard the following strategies are envisaged:

- Specific commercially based coaching interventions are being sourced for all categories of CTS staff, including senior and middle management. This will assist in the sensitisation towards and facilitation of the transition of the enhanced focus required from staff towards a primarily commercially driven business agenda.
- An assessment of training needs for each staff member and actively sourcing training opportunities in that regard to equip staff with the knowledge and skills required in their business area.

##### **HR Objectives**

The Internal Company Services Department will ensure an environment that optimises the potential of the CTS human resource capital. It will achieve this through focused skills development and training and will contribute through identified interventions to ensure a highly motivated staff contingent.

The Department is in the process of investigating various avenues available to it to develop staff retention and succession planning strategy designed to retain and develop staff within the organisation. The Internal Company Services Department will ensure the smooth functioning of all other CTS Departments through fulfilling all required HR and admin related support functions.

The Department is providing management with all relevant reports and intelligence that will support decision making within the human resources sphere of management.

### **Organisational structure**

A review and interrogation of the historical organisational structure of CTS were undertaken during the last business cycle. A proposed restructuring of the organisation was initiated and continues to be implemented.

An independent specialist, Price Waterhouse Coopers ("PWC") was appointed by CTS to assess the then existing structures functional effectivity against the new CTS business Entity's commercial mandate, identify gaps and advise on a potential re-alignment of its organisational structure.

This project was designed to ensure that the CTS ME would be enabled to deliver on its contractual mandate from the City, as stipulated in the SDA. The process was finalised and a new organisational design for CTS was approved by the Board on 06 March 2019 and was submitted to the City and approved by the City Manager on 12 April 2019. As stated above, this structure is currently in the process of being implemented. The CTS Board has approved the organisational structure attached and marked as Annexure "A".

This structure has been implemented and has proved successful and further exercise to determine the ME's future needs taking into account the micro design to operate as a stand-alone entity.

### **Administration and Company Secretariat Function**

The Internal Company Services Department will coordinate and provide oversight and support to CTS and manage the outsourced service provider that is intended to be appointed during the first quarter of the third quarter of the CTS 2020/21 financial year. This service provider will provide the CTS with a menu of services required by the entity and help ensure that the CTS meets its legislative and corporate governance obligations.

Following the implementation of the new organisational design, the Internal Company Services Department will reassess all processes and procedures in terms of compliance for filing, archiving, stores and stock control and will address any identified shortcomings.

### **8.4.5 MONITORING & EVALUATION**

The Internal Company Services Department hosts two weekly meetings where all HR related reports are submitted. Management submits quarterly reports for all Internal Company Services related items and in addition, provides oversight on the entire CTS Corporate Indicator Reporting for submission to the CTS Chief Executive Officer and the Board of Directors.

The Internal Company Services Department monitors and reports directly on the following indicators:

- Percentage budget spent on implementation of WSP (NKPI);
- 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);
- Percentage of absenteeism;
- Percentage of Declarations of Interest completed.

## 8.5 FINANCE

### 8.5.1 OVERVIEW

The Finance Department provides a support service to the other CTS departments and is responsible for the development and execution of the financial strategy for CTS which is in line with all applicable national legislation and in particular the Municipal Finance Management Act, 2003 ("MFMA"). The core focus of this component of the Department is to provide an effective and accurate daily finance support function to CTS and to give substance to the delivering of a compliant financial strategy.

The Department also provides service to the operational team by ensuring that support is efficient, compliant and accurate, which in turn results in positive service delivery to clients.

Furthermore, it ensures that suppliers/subcontractors for purchases and/or services rendered are paid timeously through the City's payment system. As CTS is a municipal entity (the City of Cape Town holds a majority shareholding in the company), it has to adhere to relevant provisions of the MFMA and associated legislation affecting municipal entities and State-Owned Companies.

The Department plays an integral role in ensuring that the City of Cape Town's performance targets set in respect of CTS, in relation to revenue targets, grant savings targets and external audits, are met.

### 8.5.2 MANDATE

CTS received a "clean" unqualified audit report and opinion during the current business cycle and following its second full year of trade following the establishment of the CTS ME. One of the key focuses of the CTS finance team going forward will be to ensure that the CTS continues to achieve an annual "clean" unqualified audit. Other focus areas of the finance team continue to include the following:

- Financial Reporting to management, the CTS Board and Board committees/sub-committees and the City of Cape Town;
- Aligning business operational strategies to budgets and the Board approved finance strategy;
- Supporting the operational team with, inter alia, the financial modelling of all new revenue opportunities;
- Fixed assets management and verification at CTS on behalf of the City of Cape Town;
- Implement and improve on systems, processes and internal controls for all new operational areas to ensure good governance.

### 8.5.3 HIGHLIGHTS

- CTS appointed a CFO in December 2019;
- Achieved 99.43% asset verification for the 2019/20 financial year;
- Evolved the Finance Department to a fully staffed and functional department;
- Constituted its supply chain management bid committee systems and has processed in excess of 17 tenders during the year. (11 operational and 6 commercial);
- Even though 2020 was not a normal business year due to the COVID-19 pandemic, CTS managed to exceed its revenue target by 12%;
- A saving of 16.67% was achieved against a KPI savings target of 6% against the grant funding from CCT – with CTS utilising R59.5 million in Grant Funding against a budget of R71.3 million. The Entity will continue to implement cost savings initiatives and its optimise resources;

### 8.5.4 STRATEGY DEVELOPMENT & IMPLEMENTATION

As stated above, a key strategic focus of the finance team will be to continue to strive to achieve a “clean” unqualified annual audit reports for CTS and to identify and execute financial efficiencies. The following specific strategic focus areas will underpin the Department’s deliverables:

- Developing financial strategies which are aligned to the overall CTS business strategy;
- Compiling and managing the CTS ME budget;
- Policy 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.

With the imminent relocation of Western Province Rugby to the stadium, new commercial revenue streams are scheduled to come online during the 2021/22 financial year. This will require the development of new systems, processes, controls and financial models and the implementation thereof. Additional control measures will also have to be implemented to ensure compliance and to ensure that all new commercial revenue streams are classified, recorded and reported accurately. The company is embarking on procuring a purpose-specific financial system to assist with the recording and reporting of the anticipated new revenue streams.

During the 2021/22 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 improved external audit readiness at financial year-end.

With the implementation of the commercial overlay and, in turn, the commercial revenue reporting requirements, it is apparent that the CCT SAP system will not be able to meet reporting requirements without significant modifications and expense. An investigation was completed on various options, the outcome being that CTS, as already mentioned, will require their financial system to meet business requirements.

As stated above, the short term plan is to procure a standard accounting package which will



meet all reporting requirements and offer flexibility in what is required by the business. The new system will run in parallel to SAP and will provide more detailed and relevant stadium business management information to CTS management.

#### **8.5.5 MONITORING & EVALUATION**

The finance function will continue to monitor budgets against actual spend monthly and report accordingly. They will also ensure compliance with National Treasury's reporting standards. The mid-year adjustment budget and annual budget business plan process will also be monitored by ensuring that it meets the compliance requirements of this process.

#### **8.5.6 SUPPLY CHAIN MANAGEMENT**

The core function of the MFMA based Supply Chain Management ("SCM") system is to ensure that the correct product/services are procured at a fair correct and market-related price, to, inter alia, meet client needs and avoid "fruitless and wasteful expenditure" at CTS. SCM plays a pivotal role at CTS. Amongst others, it is responsible to develop correct specifications for required goods and services and ensuring compliance to SCM regulations. CTS has, in the interim, been supported by the City of Cape Town's supply chain team in this regard. CTS is currently planning to migrate to its SCM system in the short to medium term.

During the 2019/20 financial year, a total of 12 tenders were awarded, 2 deviations completed and a further 7 tenders are in the process of being advertised.

It is the intention for the CTS to gradually perform its CTS function in-house with less reliance being placed on the City's support. CTS has its bid committee system which comprises employees of CTS. As stated above, this transition will be affected by a phased approach with the ultimate aim of establishing its own SCM unit.



# 9 SUSTAINABILITY



## 9 SUSTAINABILITY

### 9.1 EVENT SUSTAINABILITY AND MANAGEMENT SYSTEMS

#### 9.1.1 LONG TERM VISION

Cape Town Stadium (CTS") is committed to enhancing and advancing its current environmental practices. In realising its commitment to environmental sustainability, CTS has embarked on outlining policy direction, principles and practices of Event Sustainability and Management Systems ISO201221 through the development of a strategy and standard operating procedure for events.

The International Standards Organization ("ISO") provides event venues and stakeholders the guidance to implement best practices and control their events social, economic and environmental impact. The Cape Town Stadium Event Sustainability and Management Systems guide aims to define event sustainability, practices and the operational mechanisms to be applied at events to be held at Cape Town Stadium in the near future.

#### 9.1.2 IMPLEMENTATION STRATEGY

Cape Town Stadium will implement an operational mechanism to positively influence its internal stakeholders, its Anchor Tenant(s), Event Organisers (Clients) and spectators to leverage positive behaviour through creating an awareness of the impact of consumption and the event carbon footprint. The ultimate objective is to reduce both through the inducement of behavioural change. This in turn will contribute to the legacy of events staged at the Stadium.

CTS has identified various practices, techniques and systems to improve its event sustainability and management systems. These practices and techniques include but are not limited to the:

- promotion of energy efficiency;
- use of renewable energy sources (green energy solar, wind and water);
- utilisation of natural ventilation, where possible;
- ensuring of the switching off of all technical equipment when not in use;
- utilisation of local service providers - thus reducing transportation requirements;
- continued enhancement of its existing recycle and waste segregation approach;
- utilisation of environmentally friendly products, where applicable;
- assisting of Event Organisers to ensure environmental, economic and social sustainability.





CAPE TOWN STADIUM

# 10 CTS BUDGET & FINANCIAL PROJECTIONS





# 10 CTS BUDGET & FINANCIAL PROJECTIONS

The long-term vision of CTS is to become financially sustainable through the generation of revenues that are sufficient to cover its business expenditure. The securing of Western Province Rugby as an Anchor Tenant is a catalyst of this objective.

CTS is focusing on the following targeted operational areas:

- Acquisition and hosting of events that align with the identified target markets;
- Activation of all potential new revenue streams;
- Optimising utilisation of budget and realising savings of expenditure where possible, and appropriate.

This will be achieved through the various CTS stated Departmental strategies and deliverables that are aligned to the Integrated Event Strategy as detailed in the 2020/21 Business Plan.

## 10.1 CTS BUDGETING

The CTS has completed its second full year of trade as a ME during the 2019/20 year. Historical financial information from the prior years has been used in the preparation of the 2020/21 budgets. It has been assumed that government will phase in the lifting of Covid 19 lockdown restrictions whereby gatherings will be permitted and spectators will be allowed in attendance at events from January 2022. The budget 2021/22 has taken into account that events will take place for the full financial year. In the event that national government continues to impose restrictions on gatherings and the hosting of events the budget 2021/22 will be adjusted in the annual adjustment process in December 2021.

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

- The Event Acquisition and event hosting projections for the 2021/22 financial year;
- The spectator projections for the 2021/22 financial year as identified in the target market analysis;
- The implementation of the commercial event overlay of services to hospitality guests and the general public;
- 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);

- A consideration of CTS's SWOT analysis (an updated version of which is considered earlier in this report);
- The impact of inflation;
- The possible impact of a continuation of non-spectator friendly Covid-19 regulations into the second half of the CTS 2021/22 year; and
- City budgetary guidelines.

## **10.2 BUDGET PROJECTIONS**

The CTS budget has taken into account that events will be hosted for the full financial year commencing from 1 July 2021 with spectators only being in attendance from January 2022. Budgeted expenditure of R 101 million against budgeted revenues of R 32 million has been forecasted for CTS for the 2021/22 financial year.

A copy of the 2021/22 -2024/25 budget has been attached hereto marked ANNEXURE" C"



# THANK YOU





## **Annexure A**



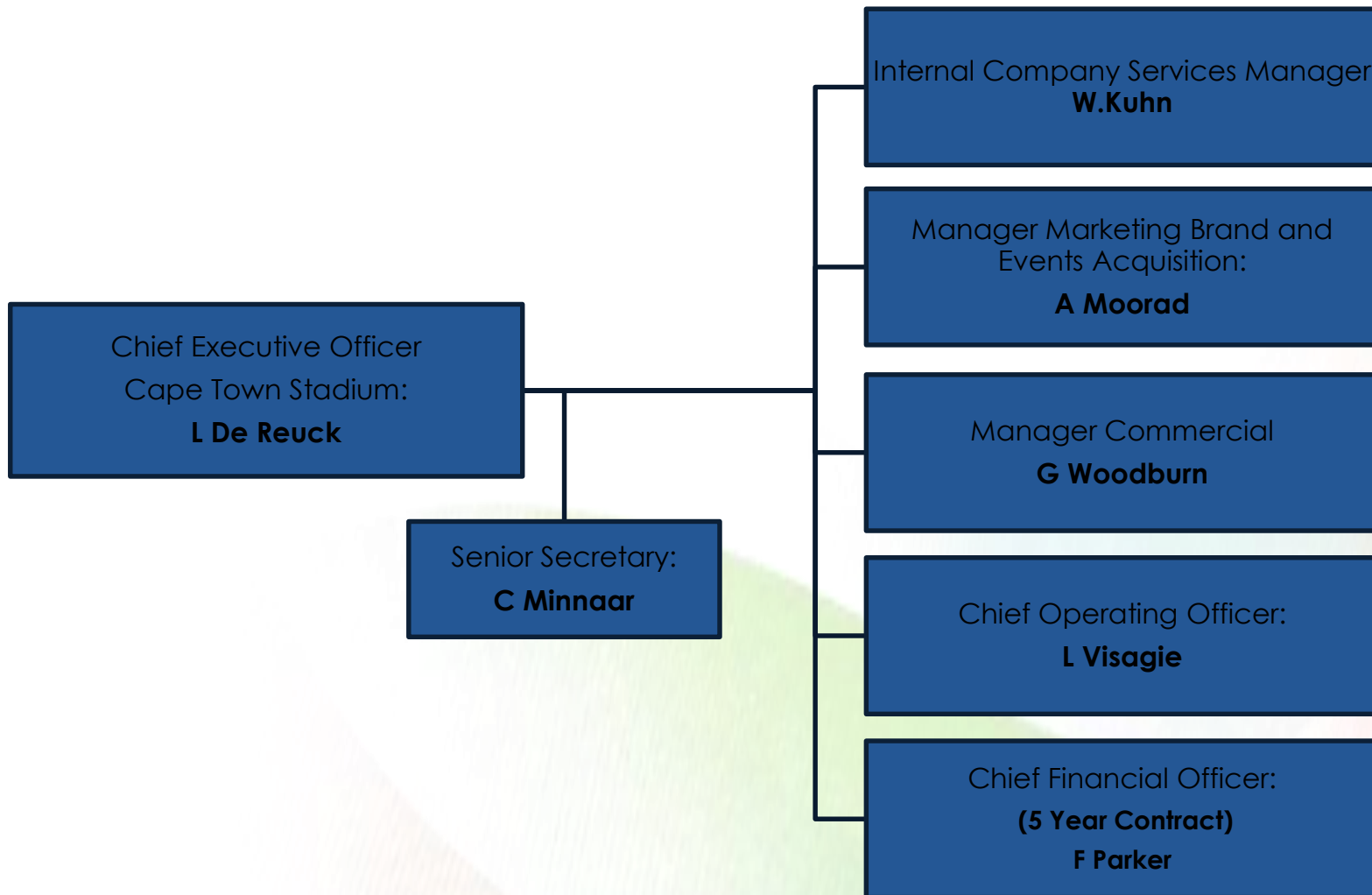
# **Cape Town Stadium Organogram**

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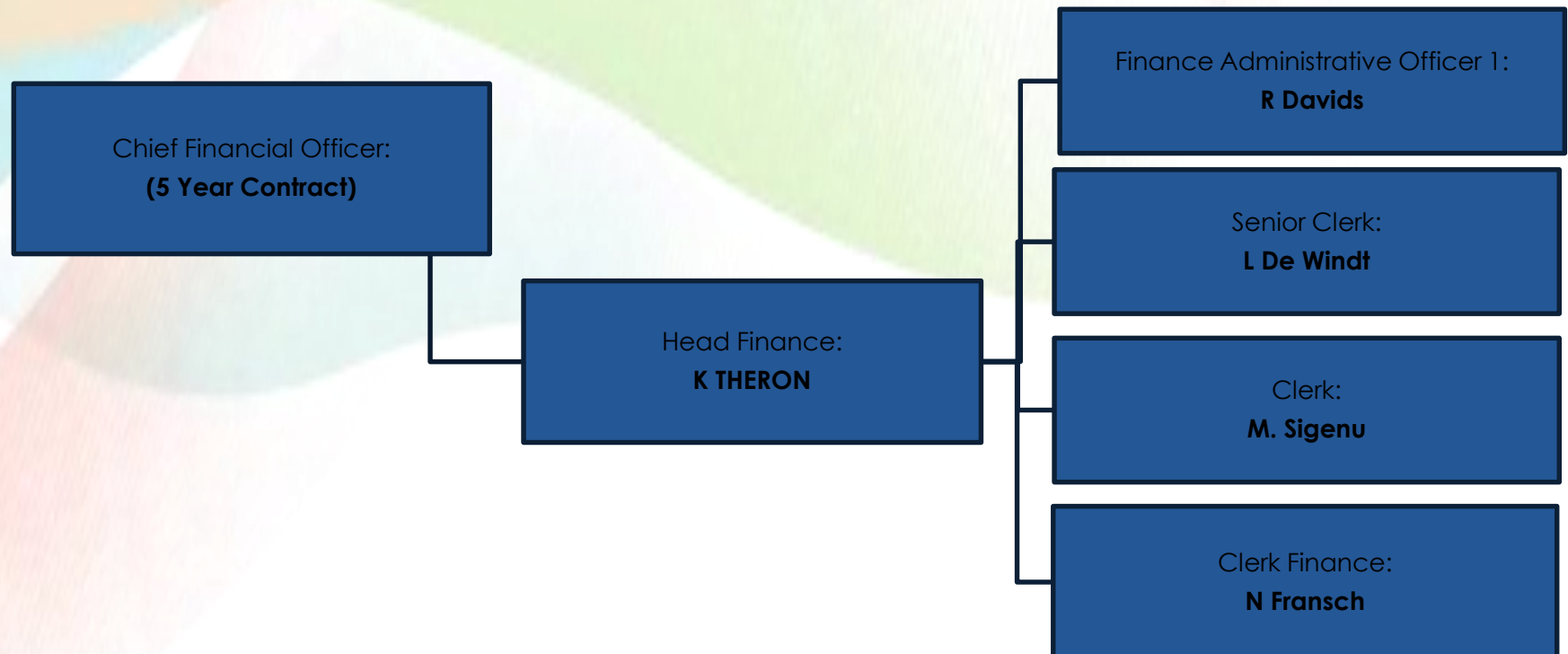




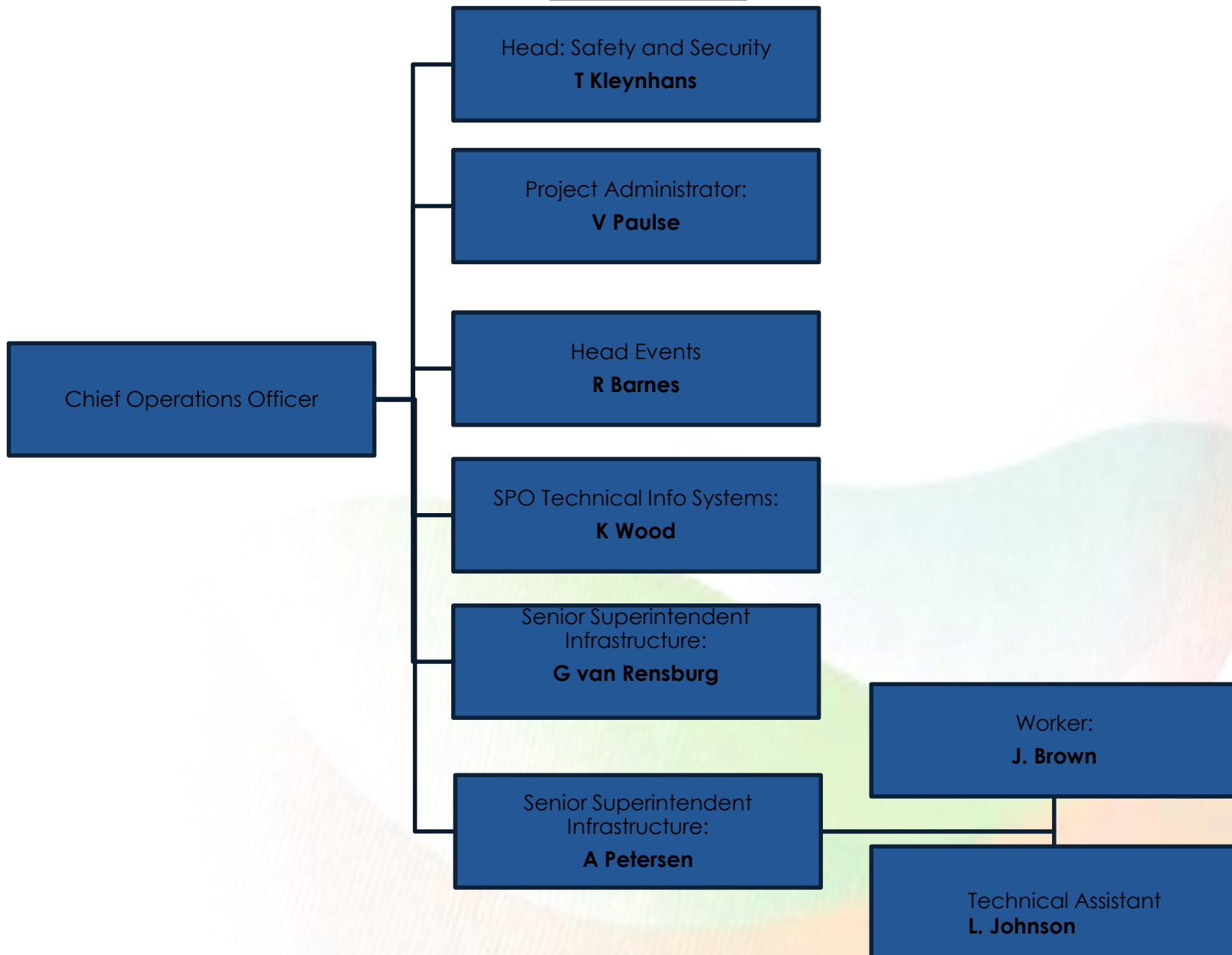
**OFFICE OF THE CEO CAPE TOWN STADIUM**



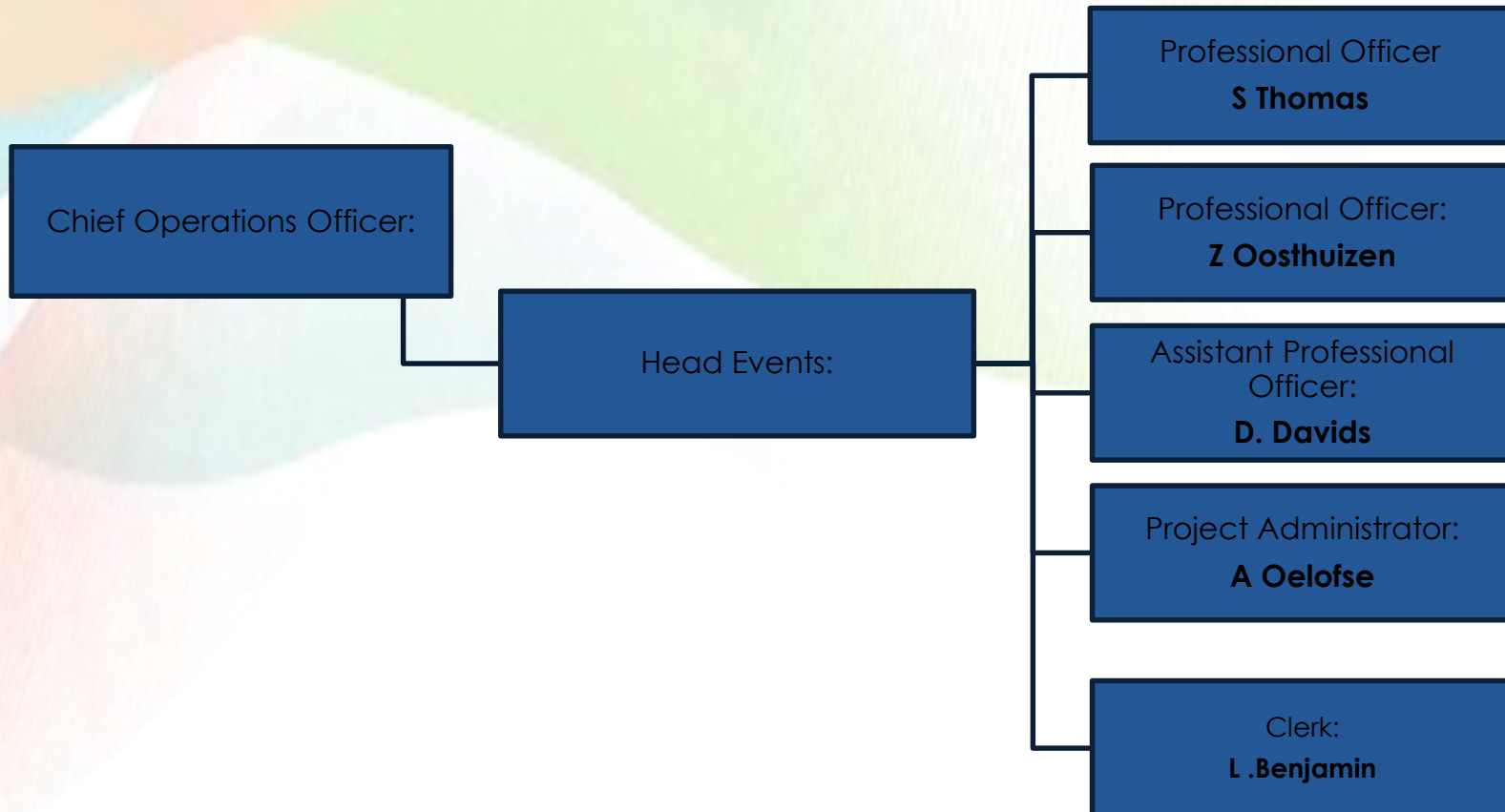
## FINANCE CTS



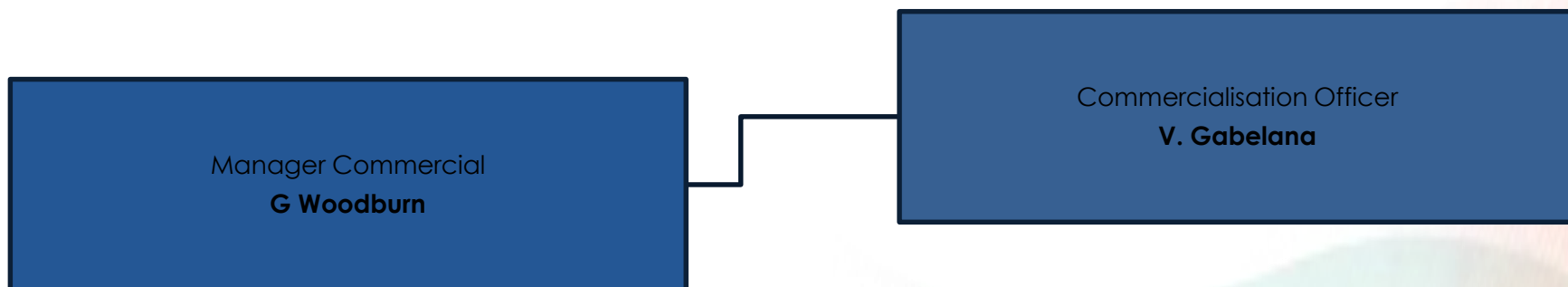
### OPERATIONS CTS



## OPERATIONS – EVENTS CTS



## COMMERCIALISATION

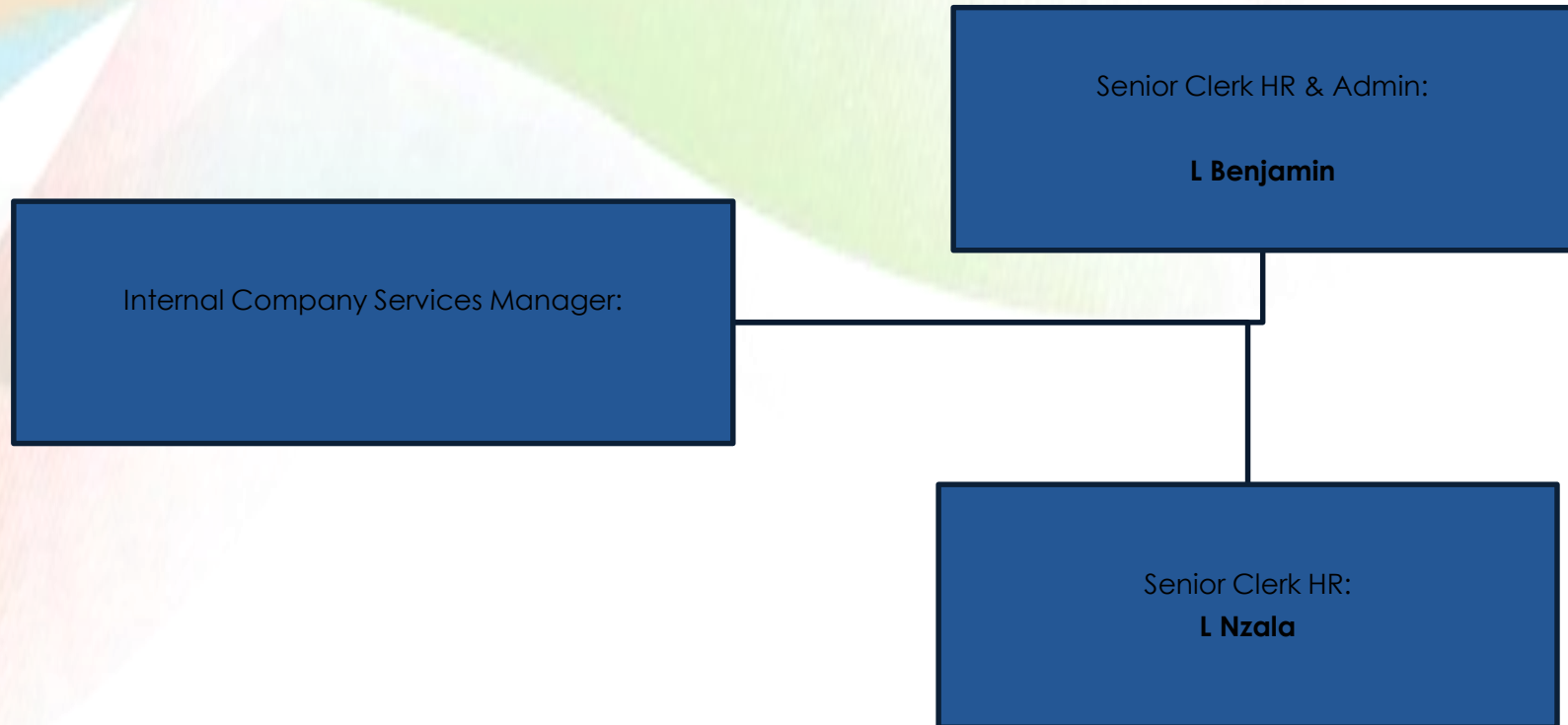




## MARKETING BRAND AND EVENTS ACQUISITION



**INTERNAL COMPANY SERVICES**



## Annexure B

No.AA1:O14	CAPE TOWN STADIUM (RF) KEY PERFORMANCE INDICATORS SDBIP 2017/18 - 2021/22 - 2021/22 IDP ANNUAL REVIEW														ANNEXURE A
	Alignment to IDP			Measuring Department	Corporate Objective	Key Performance Indicator	Baseline 2019/20	Approved Annual targets		Proposed Targets 2021/22	Quarter 1 July to September 2021	Quarter 2 October to December 2021	Quarter 3 January 2022 to March 2022	Quarter 4 April 2022 to June 2022	Responsible Person
	Pillar & Corporate Objective	IDP Programme	CSC Indicator No.					2020/21	2021/22						
1	SFA 1: The Opportunity City Objective 1.1	1.1b Cape Town Business Brand Programme 1.1g Leveraging the City's Assets	5.1	Finance	Operational Sustainability	Percentage reduction of the grant allocation from the City of Cape Town	16.67%	7%	8%	8%	Annual Target of 8%	Annual Target of 8%	Annual Target of 8%	Annual Target of 8%	Lesley de Reuck
2	SFA 1: The Opportunity City Objective 1.1	1.1b Cape Town Business Brand Programme 1.1g Leveraging the City's Assets	5.1	Finance	Operational Sustainability	Percentage achievement of projected Revenue	102.74%	90%	90%	90%	15%	30%	50%	90%	Fairoza Parker
3	SFA 1: The Opportunity City Objective 1.1	1.1b Cape Town Business Brand Programme 1.1g Leveraging the City's Assets	N/A	CT Stadium (RF)	Positioning Cape Town as a forward-looking, globally competitive City	Percentage compliance with approved Repairs and Maintenance program	100%	100%	100%	100%	100%	100%	100%	100%	Louw Visagie
4	SFA 1: The Opportunity City Objective 1.1	1.1b Cape Town Business Brand Programme 1.1g Leveraging the City's Assets	N/A	CT Stadium (RF)	Positioning Cape Town as a forward-looking, globally competitive City	Percentage compliance with Occupational Health and Safety Acts and Regulations (Act 85 of 1993)	100%	100%	100%	100%	100%	100%	100%	100%	Louw Visagie
5	SFA 1: The Opportunity City Objective 1.1	1.1b Cape Town Business Brand Programme 1.1g Leveraging the City's Assets	N/A	CT Stadium (RF)	Positioning Cape Town as a forward-looking, globally competitive City	Number of events hosted	New	New	NEW	105	27	53	80	105	Louw Visagie
6	SFA 1 Opportunity City Objective 1.3	1.3a Skills Investment programme	1.G	Corporate Services	1.3 Economic inclusion	Number of training interventions completed per annum	New	New	NEW	60	20	30	40	60	Werner Kuhn

## Annexure B

7	SFA 1: The Opportunity City Objective 1.1	1.1b Cape Town Business Brand Programme 1.1g Leveraging the City's Assets	N/A	CT Stadium (RF)	Positioning Cape Town as a forward-looking, globally competitive City	Number of spectator attendance at the CT Stadium	New	New	NEW	600000	200000	400000	500000	600000	Louw Visagie
8	SFA 1: The Opportunity City Objective 1.1	1.1b Cape Town Business Brand Programme 1.1g Leveraging the City's Assets		CT Stadium (RF)	Positioning Cape Town as a forward-looking, globally competitive City	Percentage Implementation and Evaluation of Event Commercial Service Providers	New	New	NEW	100% achievement of initiatives	Minimum of Appointed 7 service providers	100% Procedures and Requirements met	100% Reporting completed by appointed service providers	100% Evaluation by entity of each service provider	Gina Woodburn
9	SFA 4 Inclusive City Objective 4.3	4.3 Building integrated communities	4.E	Corporate Services	4.3 Building integrated communities	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)	80%	80%	80%	80%	80%	80%	80%	80%	Werner Kuhn
10	SFA 5 Well-Run City	5.1 Operational sustainability	N/A	Corporate Services	5.1 Operational sustainability	Percentage of absenteeism	≤ 5%	≤ 5%	≤ 5%	≤ 5%	≤ 5%	≤ 5%	≤ 5%	≤ 5%	Werner Kuhn
11	SFA 5 Well-Run City Objective 5.1	5.1 Operational sustainability		Corporate Services	5.1 Operational sustainability	Percentage of Declarations of Interest completed	100%	100%	100%	100%	40%	70%	90%	100%	Werner Kuhn
12	SFA 5 Well-Run City Objective 5.1	5.1 Operational sustainability	5.B	Finance	5.1 Operational sustainability	Opinion of the Auditor General	Clean Audit	Clean Audit	Clean Audit	Clean Audit	Annual Target	Annual Target	Annual Target	Annual Target	Fairoza Parker

NKPI  
Digitally signed by  
Lesley de Reuck  
Date: 2021.03.01  
10:12:44 +0200

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

Chief Executive Officer

Chairman of the Board

01.03.21

Date

Date

## Annexure B1

CAPE TOWN STADIUM SCORECARD DEFINITIONS 2017 to 2022 (2021/22 Year Review)			
NO	INDICATOR	IDP Objective	INDICATOR DEFINITION
CTS - 01	Percentage reduction of the grant allocation from the City of Cape Town	1.1	This indicator will measure the percentage reduction in the grant allocation received from City of Cape Town.  The indicator measures the grant allocation planned versus the allocation transferred to CTS for the current year.
CTS - 02	Percentage achievement of projected revenue	1.1	This indicator will measure the achievement of the annual projected revenue as per the latest approved budget.
CTS - 03	Percentage compliance with approved Repairs and Maintenance program	1.1	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 Cape Town 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.  The indicator measures the non financial outputs and whether this was achieved as per the plan.
CTS - 04	Percentage compliance with Occupational Health and Safety Acts and Regulations (Act85 of 1993)	1.1	This indicator measures compliance against the Occupational Health and Safety Regulations on event and non-event days as well as contractors at Cape Town Stadium.
CTS-5	Number of Events Hosted	1.1	Events at the Cape Town 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 Cape Town Stadium
CTS - 06	Number of training interventions as per the WSP completed per annum	1.3	The WSP outlines the planned education, training and development interventions for the organisation.  Its purpose is to formally plan and allocate 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. The indicator will measure the number of training interventions as per the WSP completed by staff per annum for the Cape Town Stadium.  Proxy measure for NKPI. .



## Annexure B.1

CAPE TOWN STADIUM SCORECARD DEFINITIONS 2017 to 2022 (2021/22 Year Review)			
NO	INDICATOR	IDP Objective	INDICATOR DEFINITION
CTS-07	Number of spectator attendance at the CT Stadium	1.1	Spectators at Cape Town 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 Cape Town Stadium.
CTS-08	Percentage implementation and Evaluation of event commercial service providers	1.1	The indicator measures the implementation of the commercial event overlay which culminates into revenue generation. The commercial event overlay therefore consists of measuring of the following achievables: 1. The appointment of 7 service providers. 2. Procedures and requirements met. 3. Reporting Completed by appointed service providers . 4. Evaluation by entity of each service provider.
CTS - 09	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)	4.3	The indicator measures the percentage of people from EE target groups employed in the three highest levels of management, in compliance with Cape Town Stadium (RF) approved EE plan.  Each directorate contributes to the corporate achievement of targets and goals by implementing its own objectives of quantitative and qualitative goal-setting.
CTS - 10	Percentage of absenteeism	5.1	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.
CTS - 11	Percentage of Declarations of Interest completed	5.1	The total number of completed declarations of interest as a percentage of the total number of staff. The target is cumulative over the year. Each employee needs to complete the declaration of interest at least once per year (or when circumstances change), as prescribed by the applicable legislation and Cape Town Stadium (RF) board decisions aligned with City policies/decisions.)
CTS - 12	Opinion of the Auditor General	5.1	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.

Annexure C.1

CAPE TOWN STADIUM (RF) SOC LIMITED

Financial Performance  
Three year budget 2021/22 - 2024/25

Category	Actual 2017/18	Actual 2018/19	Budget 2018/19	Actual 2019/20	Budget 2019/20	Original Budget 2020/21	Adjusted Budget 2020/21	Budget 2021 vs 2020	Budget 2021 vs 2020	Budget 2021/22	Budget 2022 vs 2021	Budget 2022 vs 2021	Budget 2022/23	Budget 2023 vs 2022	Budget 2023 vs 2022	Budget 2023/24	Budget 2024 vs 2023	Budget 2024 vs 2023	Budget 2024/25
	R	R	R	R	R	R	R	R	%	R	R	%	R	R	R	R	R	R	R
Revenue by Source																			
Rental of facilities and equipment	6,306,949	22,125,761	14,130,534	17,086,599	16,630,317	22,155,600	4,800,000	- 11,830,317	-71%	26,971,534	22,171,534	462%	74,528,412	47,556,878	176%	77,522,497	2,994,085	4%	82,173,846
Transfers and subsidies (Grants)	17,815,396	55,119,794	72,660,211	59,453,808	71,346,000	65,717,585	65,717,585	- 5,628,415	-8%	60,484,264	- 5,233,321	-8%	26,410,301	- 34,073,963	-56%	24,706,713	- 1,703,588	-6%	23,957,201
Other Revenue	25,411	54,296	4,600,000	37,778	37,484	2,680,000	1,500,000	1,462,516	3902%	6,887,588	5,387,588	359%	10,564,788	3,677,200	53%	11,300,016	735,228	7%	11,978,017
Services in kind		2,378,095	-	8,377,631	-	2,596,939	2,596,939	- 2,596,939	-	8,743,802	6,146,863	237%	8,906,629	162,827	2%	9,079,227	172,598	2%	9,262,181
Total Revenue	24,147,755	79,677,946	91,390,745	84,955,816	88,013,801	93,150,124	74,614,524	- 13,399,277	-	103,087,188	28,472,664	38%	120,410,131			122,608,453			127,371,245
Expenditure by Type																			
Employee related costs	-	-	-	731,556	750,000	1,408,550	1,408,550	658,550	88%	1,408,550	-	0%	1,464,892	56,342	4%	1,523,488	58,596	4%	1,584,427
Remuneration of board members	204,862	320,076	350,000	271,660	400,000	424,400	424,400	24,400	6%	460,475	36,075	9%	478,893	18,418	4%	498,049	19,156	4%	517,971
Debt Impairment	-	-	-	2,880	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials	-	445,422	531,000	687,182	895,000	674,025	615,025	- 279,975	-31%	635,951	20,926	3%	661,389	25,438	4%	687,845	26,456	4%	715,359
Contracted Services	19,632,962	63,699,524	75,399,185	59,750,864	66,995,216	68,715,021	56,643,990	- 10,351,226	-15%	71,807,723	15,163,733	27%	87,234,294	15,426,571	21%	87,943,749	709,455	1%	91,300,353
Other expenditure	9,086,649	15,212,924	15,110,560	21,501,674	18,973,584	21,928,128	55,522,559	36,548,975	193%	26,764,489	- 28,758,070	-52%	28,560,663	1,796,174	7%	29,945,323	1,384,660	5%	31,243,136
Total Expenditure	28,924,473	79,677,946	91,390,745	82,945,816	88,013,801	93,150,124	114,614,524	26,600,723	30%	101,077,188	- 13,537,336	-12%	118,400,131	17,322,943	17%	120,598,453	2,139,726	2%	125,361,245
Surplus/(deficit) before taxation	(4,776,718)	-	-	2,010,000	-	-	40,000,000			2,010,000			2,010,000			2,010,000			2,010,000
Taxation										-									
Surplus/(deficit) after taxation	(4,776,718)	-	-	2,010,000	-	-	40,000,000			2,010,000			2,010,000			2,010,000			2,010,000

FINANCIAL PROJECTIONS

The 2021/22 budget was prepared on the basis that government will phase in the lifting of the COVID-19 restrictions towards the end of 2021.  
The 2021/22 budget has taken into account that spectators will only be allowed in attendance of events from January 2022.  
In the event that national government continues to impose restrictions on gatherings and the hosting of events, the 2021/22 budget will be adjusted in the annual adjustment budget process in December 2021.

REVENUE PROJECTIONS

1. Rental of facilities and equipment

Rental of fixed assets in the 2021/22 FY have been budgeted at R33.8million 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 R60.4million to cover the shortfall in expenditure for 2021/22

3. Other Revenue

Other revenue comprises of income generated through naming and pouring rights , rebates from events , parking income from events and stadium tours .

4. Services in kind

The services in kind budget of R8.7 million includes the use of the office furniture (R2.7 million) and the rental of the stadium (R6 million).

EXPENDITURE

5. Employee Related Costs

The employee related cost budget of R1.4 million relates to the salary cost of the entity's only employee.  
The salary cost budget will not increase from the 2020/21 budget.

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. Other Materials

Other materials comprise of fuel, printing and stationary and other material related costs which have been budgeted to increase by 3%.  
An estimate amount have thus been included in the 2021/22 budget and adjusted with an inflation related increase going forward.

8. Contracted Services

Contracted services increase with 27% as a result of more events planned to take place during the 2021/22 financial year, the event services cost will reciprocate the increased income.  
The budget also takes into account the 0% cost of living adjustment increase for seconded employees.  
Contracted services consist out of: Consultants and professional services,maintenance, outsourced services and staff costs.  
The budgeted amount for the outer years remains stable with inflationary increases.

9. Other Expenditure

Other expenditure budget decreased by 52% due to the significant decrease in the rental of the stadium which is classified under the services in kind expenditure.  
Other expenditure includes the commission for the naming rights, IT, electricity ,water , licences etc.

A budget of R6.7million has been included as part of services in kind for the 2021/22 financial year.

## Annexure C.2

### CAPE TOWN STADIUM (RF) SOC LIMITED

#### Financial Position Three year budget 2021/22 - 2024/25

Category	Actual 2017/18	Actual 2018/19	Actual 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25
			R	R	R	R	R	R
<b>ASSETS</b>								
<b>Current Assets</b>	<b>4,776,718.00</b>	<b>3,947,760.71</b>	<b>6,462,846.00</b>	<b>46,381,822.00</b>	<b>5,540,480.00</b>	<b>5,597,076.00</b>	<b>5,654,579.27</b>	<b>5,712,892.26</b>
Cash	-	10,789	-	-	-	-	-	-
Receivables from exchange transactions	-	772,172	495,983	-	-	-	-	-
Receivables from non- exchange transactions	4,776,718	3,164,800	3,956,863	6,381,822	3,530,480	3,587,076	3,644,579	3,702,892
Current portion of long- term receivables	-	-	2,010,000	40,000,000	2,010,000	2,010,000	2,010,000	2,010,000
<b>Non-current Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,895,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other non-current assets	-	-	-	1,895,000,000	-	-	-	-
<b>Total Assets</b>	<b>4,776,718</b>	<b>3,947,761</b>	<b>6,462,846</b>	<b>1,941,381,822</b>	<b>5,540,480</b>	<b>5,597,076</b>	<b>5,654,579</b>	<b>5,712,892</b>
<b>NET ASSETS AND LIABILITIES</b>								
<b>Net Assets</b>	<b>-</b>	<b>-</b>	<b>2,010,000</b>	<b>1,935,000,000</b>	<b>2,010,000</b>	<b>2,010,000</b>	<b>2,010,000</b>	<b>2,010,000</b>
Accumulatd surplus/(deficit)	-	-	2,010,000	1,935,000,000	2,010,000	2,010,000	2,010,000	2,010,000
<b>Current liabilities</b>	<b>4,776,718</b>	<b>3,947,761</b>	<b>4,452,846</b>	<b>6,381,822</b>	<b>3,530,480</b>	<b>3,587,076</b>	<b>3,644,579</b>	<b>3,702,892</b>
Bank overdraft	234	-	-	-	-	-	-	-
Trade and other payables	4,776,484	3,947,761	4,452,846	6,381,822	3,530,480	3,587,076	3,644,579	3,702,892
<b>Total net assets and liabilities</b>	<b>4,776,718</b>	<b>3,947,761</b>	<b>6,462,846</b>	<b>1,941,381,822</b>	<b>5,540,480</b>	<b>5,597,076</b>	<b>5,654,579</b>	<b>5,712,892</b>

#### FINANCIAL PROJECTIONS

The 2021/22 budget was prepared on the basis that government will phase in the lifting of the COVID-19 restrictions towards the end of 2021.

The 2021/22 budget has taken into account that events that spectators will only be allowed in attendance at events from January 2022.

In the event that national government continues to impose restrictions on gatherings and the hosting of events, the 2021/22 budget will be adjusted in the annual adjustment budget process in December 2021.

## Annexure C.3

### CAPE TOWN STADIUM (RF) SOC LIMITED

#### Cash Flow Statement Three year budget 2021/22 - 2024/25

Category	Actual 2017/18	Actual 2018/19	Actual 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25
<b>Cash Flow from Operating Activities</b>								
<b>Receipts</b>								
Other Revenue	6,332,359	22,180,057	19,823,429	6,300,000	33,859,122	85,093,200	88,822,513	94,151,863
Government Operating	21,560,743	55,119,794	59,453,808	65,717,585	60,484,264	26,410,301	24,706,713	23,957,201
<b>Payments</b>								
Suppliers and Employees	(27,893,336)	(77,288,830)	(79,288,025)	(72,017,585)	(94,343,386)	(111,503,501)	(113,529,226)	(118,109,064)
<b>Net Cash From/(Used) Operating Activities</b>	<b>(234)</b>	<b>11,021</b>	<b>(10,788)</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cash Flow from Investing Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash Flow from Financing Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Increase/(Decrease) in Cash Held	(234)	11,021	(10,788)	(0)	(0)	0	0	0
Cash and Cash Equivalents at beginning of year	-	(234)	10,788	0	(0)	(0)	0	1
<b>Cash and Cash Equivalents at end of year</b>	<b>(234)</b>	<b>10,788</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>	<b>1</b>	<b>1</b>

### FINANCIAL PROJECTIONS

The 2021/22 budget was prepared on the basis that government will phase in the lifting of the COVID-19 restrictions towards the end of 2021.

The 2021/22 budget has taken into account that events that spectators will only be allowed in attendance at events from January 2022.

In the event that national government continues to impose restrictions on gatherings and the hosting of events, the 2021/22 budget will be adjusted in the annual adjustment budget process in December 2021.

## Annexure D

### Legislative Framework: (Legal Services)

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 OHSA Constructions Regulations of 2014);
12. Municipal Asset Transfer Regulations No. 31346 of 2008;
13. Respective electrical, mechanical, civil, structural etc. South Africa Bureau of Standards (SABS of SANS) code of Practise.

### CITY OF CAPE TOWN POLICIES AND BY LAWS:

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



# Annexure E

## City of Cape Town Risk Report

### Risk Register Report

Risk Number	Risk Title	Linked Objectives	Consequence		Contributing Factor Title	Existing Control Title	Control Effectiveness	Financial Impact	Residual Rating				Action Plan Title	Due Date	% Complete	Progress Notes	Action Plan Owners
									RI	RL	RR						
1	Financial sustainability/viability of the Stadium and inability to commercialise optimally	Commercialisation and marketing management	<ul style="list-style-type: none"> <li>Not meeting financial targets</li> <li>Negative impact on financial sustainability</li> <li>Not meeting SDA mandate</li> <li>Effect on revenue</li> <li>Bigger burden on City/ tax payer</li> <li>Inability to bid for events</li> <li>Possible Less spend following COVID (impact)</li> <li>Possible COVID19 regulations limiting on numbers of spectators at events</li> <li>Possible impact of public perception with regards to COVID19 risk impacting their attendance of events</li> </ul>	1.1	Absence of premier anchor tenant / unconcluded negotiations with anchor tenant	Multi-year agreements with event organisers and owners. Negotiated financial models with event organisers to increase utilisation	80%	R21 Million per financial year	7	9	63		Detailed contract with WPR to be negotiated and concluded post the signing of the HOA	2021/03/31	80%	[Nicola Jane Anderson - 2020/11/09 12:22 PM] Final anchor tenant agreement forwarded to WP Rugby for final comments.	Lesley De Reuck
				1.2	Delay in the approval of the sign off of the naming rights of the stadium	Long term sustainability plan - implement marketing strategy as approved by Board.	80%	R12 Million per financial year					Follow up report to submitted to Mayco	2020/12/31	100%	[Nicola Jane Anderson - 2020/11/09 12:23 PM] This has been completed. Council has approved the acceptance of the DHL naming rights offer	Georgina Anne Woodburn
													Signing up of a naming rights partner	2020/12/30	80%	[Nicola Jane Anderson - 2020/11/09 12:51 PM] CTS is currently finalising the advertising inventory which will inform the naming rights sponsor exposure both internal and external to the stadium. Currently drafting an agreement.	Lesley De Reuck
				1.3	Global and national economy impacts on event viability and cancellation (including impact of COVID 19 virus/Lockdown regulations)	Implementation of City Strategy / CM Directives / Provincial & National Circulars Long term sustainability plan - implement marketing strategy as approved by Board. Monitoring of event cancellations and postponements due to COVID 19 and lock down regulations	60% 50% 40%	R12 Mill for current year (Quarter 1 & 2)					Detailed contract with WPR to be negotiated and concluded post the signing of the HOA	2021/03/31	80%	[Nicola Jane Anderson - 2020/11/09 12:22 PM] Final anchor tenant agreement forwarded to WP Rugby for final comments.	Lesley De Reuck
2	Impact of the COVID 19 virus and regulations on the construction of the suites	Delivery of suites as per project plan	<ul style="list-style-type: none"> <li>Not have the suites ready as envisaged by move of WP to CTS in February 2021</li> <li>Financial / revenue impact</li> </ul>	2.1	Impact of the COVID 19 outbreak in various countries impacting on industrialised manufacturing and supply of materials and equipment for building of suites	Sourcing as per SCM Policy of alternative equipment and materials meeting quality and standards (same quality as original items) from alternative/more local based suppliers using contingencies	70%		5	10	50		Source alternative equipment and materials meeting quality and standards, utilising contingencies (+/- R1.5 million) to purchase from alternative/ local suppliers	2021/02/28	90%	[Nicola Jane Anderson - 2020/11/05 1:34 PM] This issue has been resolved.	Louw Visagie
		Provide stadium with general facilities operations		2.2	Impact of the COVID 19 virus on construction companies' staff and external service providers	CTS to ensure that compliance with Provincial and National COVID requirements are take place Daily reportings from all services providers currently working in the stadium to confirm compliance Ensure compliance to COVID 19 protocols	60% 60% 60%	Not assessed					Reprioritise the current program to mitigate current time losses and use multiple subcontractors to deliver on same deliverables	2020/12/31	100%	[Nicola Jane Anderson - 2020/11/05 1:34 PM] This is under control.	Louw Visagie
				2.3	Impact of the COVID 19 virus on Stadium staff (staff contracting virus)	Daily monitoring of protocol compliance Implementation of COVID 19 Pandemic Protocols Implementation Provincial & National Circulars, Stadium specific COVID workplace plan OHS Processes & Procedures / HIRAs	60% 60% 60% 70%						Accepted with the stringent adherence to established controls	2020/06/30	100%	[Nicola Jane Anderson - 2020/01/29 1:56 PM] This is just a note - refer to action plan title	
3	Complexity of the implementation and integration new commercial model into existing business	Commercialisation and marketing management	<ul style="list-style-type: none"> <li>Negative impact on financial sustainability</li> <li>Not meeting SDA mandate</li> <li>Not reaching financial target</li> <li>Event organisers unhappy</li> </ul>	3.1	Appointing of service providers that have never worked together and with the organisation	Adherence to minimum requirements / interdependency including Tender specifications	50%	Not assessed	7	7	49		Define roles and responsibilities and develop and implement process to ensure compliance	2021/06/30	5%	[Nicola Jane Anderson - 2020/03/18 3:17 PM] New action.	Georgina Anne Woodburn
				3.2	Delay in appointment of commercial service providers due to legal query re income based tender and formula to be used								Will be going out on tender again.	2021/06/30	50%	[Nicola Jane Anderson - 2020/11/08 6:07 PM] This has been re-advertised 23 October 2020 and SCM process to follow.	Georgina Anne Woodburn
				3.3	Delay in the signing off of the naming rights of the stadium	Long term sustainability plan - implement marketing strategy as approved by Board.	50%	R12 Million per financial year					Follow up report to submitted to Mayco	2020/12/31	100%	[Nicola Jane Anderson - 2020/11/09 12:23 PM] This has been completed. Council has approved the acceptance of the DHL naming rights offer	Georgina Anne Woodburn
													Signing up of a naming rights partner	2020/12/30	80%	[Nicola Jane Anderson - 2020/11/09 12:51 PM] CTS is currently finalising the advertising inventory which will inform the naming rights sponsor exposure both internal and external to the stadium. Currently drafting an agreement.	Lesley De Reuck
				3.4	Inability of SAP to reflect revenue as required by commercial revenue streams (Financial Reporting)			> R1 Million					Obtain a new financial system	2021/06/30	5%	[Nicola Jane Anderson - 2020/11/09 12:53 PM] Have liaised with City's IS&T department re potential solutions. It was agreed that the Entity should procure an off the rack stand alone system for the short term. The Entity is in discussion with the CTICC to utilise their tender to procure the above mentioned system.	Fairoza Parker Lesley De Reuck

City of Cape Town – 2021/22 Budget (May 2021)  
Annexure 35 - CTS Business Plan

Risk Number	Risk Title	Linked Objectives	Consequence		Contributing Factor Title	Existing Control Title	Control Effectiveness	Financial Impact	Residual Rating				Action Plan Title	Due Date	% Complete	Progress Notes	Action Plan Owners
									RI	RL	RR						
				3.5	Maximisation of income is dependent on spectators attendance (COVID19 could potentially exacerbated this as spectators may decrease/have less money to spend)			Not assessed					To be re-assessed once events are allowed back in stadium	2021/06/30	5%	[Nicola Jane Anderson - 2020/05/06 11:58 AM] : Continuous scenario planing based on changing circumstances due to COVID 19 regulations being done. : □	Lesley De Reuck
				3.6	The limited pool of event organisers / owners to utilise stadium								Negotiations with event organisers (current clients) to phase in the financial model to accommodate the changes (new way of doing business)	2021/06/30	5%	[Nicola Jane Anderson - 2020/11/09 12:38 PM] : Discussions with event organisers has been initiated. This will be an ongoing process.	Georgina Anne Woodburn
4	Human resource capacity constraints	Events and events management Provide stadium with general facilities operations Finance, legal and administration management	<ul style="list-style-type: none"> <li>Delays in appointment of required staffs.□</li> <li>Inefficiencies□</li> <li>Delays in service delivery□</li> <li>Skills gap□</li> <li>Inability to implement succession plan□</li> <li>Current non financial capacity</li> </ul>	4.1	Dependence on Key Oversight Personnel (Ensure operational continuity)	Reliance on key personnel / oversight staff / subs	80%	Not assessed	7	7	49		Create succession planning for key personnel	2021/06/30	80%	[Nicola Jane Anderson - 2020/11/08 6:17 PM] : Succession plan approved by the board. : □	Lesley De Reuck

Risk Number	Risk Title	Linked Objectives	Consequence		Contributing Factor Title	Existing Control Title	Control Effectiveness	Financial Impact	Residual Rating				Action Plan Title	Due Date	% Complete	Progress Notes	Action Plan Owners						
									RI	RL	RR												
5	Non compliance with legislation	Finance, legal and administration management	<ul style="list-style-type: none"><li>• Non compliance to VAT Act</li><li>• AG finding</li><li>• Non compliance with Companies Act, MFMA and GRAP standards</li><li>• Not meeting legal requirements</li><li>• Penalties and interest</li><li>• Reputational damage</li><li>• Intervention by shareholder</li></ul>		5.1	Dependence on part time legal support from the City	Reliance/dependency on City of Cape Town legal team (dedicated legal resource) / regular external legal services procured.	70%	Not assessed	6	7	42		Company secretary tender to be cancel and re advertise	2021/01/31	30%	[Nicola Jane Anderson - 2020/11/09 12:35 PM] In cooperation with the CTICC a tender to appoint a Company Secretary is being spec'ed for both entities.	Werner Kuhn					
					5.2	Non compliance with section 85 of the MFMA - inability to reflect revenue as required by commercial revenue streams (Financial Planning)	CCT keeps stadium records separately	20%						> R1 Million	Obtain a new financial system	2021/06/30	5%	[Nicola Jane Anderson - 2020/11/09 12:53 PM] Have liaised with City's IS&T department re potential solutions. It was agreed that the Entity should procure an off the rack stand alone system for the short term. The Entity is in discussion with the CTICC to utilised their tender to procure the above mentioned system.	Fairoza Parker Lesley De Reuck				
6	Operational Risks	Delivery of suites as per project plan	<ul style="list-style-type: none"><li>• Reputational damage</li><li>• Delays / cessation of service delivery</li><li>• Non compliance with legislation (SASREA Act)</li><li>• Loss of life / infrastructure</li><li>• Injuries</li><li>• Public Liabilities</li><li>• Increase OHS risks</li><li>• Impact maintenance and operations</li><li>• Equipment failure</li><li>• Cessation of general maintenance</li></ul>		6.1	Event day incidents	Event day safety procedures (Manual)	80%	Not assessed	7	5	35		Accepted with the stringent adherence to established controls	2020/06/30	100%	[Nicola Jane Anderson - 2020/01/29 1:56 PM] This is just a note - refer to action plan title	Louw Visagie					
		Event incident debriefing sessions					80%																
		Event safety sign off checklist					80%																
		Reliance on key personnel / oversight staff / subs					80%																
		SASREA Stadium Certification					80%																
		Venue safety plan framework					80%																
		6.2			Impact of tender delays/cancellations due to COVID 19 Virus/lock down and potential of one or more service providers closing down	Implementation of long term maintenance strategy	60%	Consider which critical / planned maintenance can be potentially moved out / postponed (dependence on COVID 19 regulations)						2020/12/24	100%	[Nicola Jane Anderson - 2020/11/08 6:27 PM] All tender adjudicated and no delays so far.							
								6.3						Non event day incidents	Non Event Day Safety Procedures (Manual)	80%	Accepted with the stringent adherence to established controls		2020/06/30	100%	[Nicola Jane Anderson - 2020/01/29 1:56 PM] This is just a note - refer to action plan title		
																						OHS Processes & Procedures / HIRA's	70%
																						Training of staff / safety inductions	70%
7	Partial destruction of the stadium infrastructure with business interruption for limited period	Finance, legal and administration management	<ul style="list-style-type: none"><li>• Delay in service delivery</li><li>• Financial / revenue impact</li></ul>		7.1	Force majeure	City to cover the shortfall until CTS is back in business	60%	Not assessed	7	3	21		Accepted with adherence to existing controls - dependency on the City	2020/06/30	100%	[Nicola Jane Anderson - 2019/11/18 10:25 AM] To be reassessed during the next financial year risk register update. To be escalated if it becomes necessary.	Lesley De Reuck					
							Continuity plans and SOP's with various role players in place	70%															
							Cost curbing measures to be implemented	30%															
							Insurance coverage of the Stadium	70%															
							Monitoring and review of operational risks	70%															
8	Total destruction of the stadium infrastructure to the degree that service delivery would be affected	Finance, legal and administration management	<ul style="list-style-type: none"><li>• Reputational damage</li><li>• Delays / cessation of service delivery</li><li>• Financial / revenue impact</li><li>• City may decide to demolish and find alternate strategy / CTS to be liquidated</li></ul>		8.1	Force majeure	City to cover the shortfall until CTS is back in business	60%	Not assessed	7	2	14		Accepted with adherence to existing controls - dependency on the City	2020/06/30	100%	[Nicola Jane Anderson - 2019/11/18 10:25 AM] To be reassessed during the next financial year risk register update. To be escalated if it becomes necessary.	Lesley De Reuck					
								Insurance coverage of the Stadium											70%				

**Disclaimer:** The Cape Town Stadium Company is responsible and accountable for risk management. IRM's responsibilities are limited to the facilitation of the risk identification, assessment and treatment processes. Risks assessed with a rating below the approved risk acceptance level remain the responsibility of the risk owner and should not be regarded as "inferior risks". These require management actions but will not be monitored during IRM processes.

Sign-off serves as a certification that inter alia:

- Contributing Factors which are accepted implies that the existing controls will be maintained;
- Risks were not manipulated in any manner and / or omitted on purpose;
- Reasonable assurance can be provided that key risks have been identified;
- "SMART" actions were developed taking into consideration accountability; sustainability and systems to facilitate action implementation.
- Sufficient resources are available to implement actions developed.

**Abbreviations & Definitions:**  
HQA - Heads of Agreement  
City - City of Cape Town  
SDA - Service Delivery Agreement  
MOU - Memorandum of Understanding  
WPR - Western Province Rugby (Pty) Ltd  
CTICC - Cape Town International Convention Centre

Risk Owner: **Lesley de Reuck**

Signature: 

Date: **04.12.20**