



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

ANNEXURE 31

CAPE TOWN STADIUM (CTS) (MUNICIPAL ENTITY)

BUSINESS PLAN

2024/25 BUDGET (MAY 2024)

CAPE TOWN STADIUM (RF) SOC LIMITED

5 YEAR BUSINESS PLAN 2024/25 – 2028/29



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EXECUTIVE SUMMARY

In the last financial year the Municipal Entity (ME) made significant strides towards securing a robust events calendar, hosting a total of 18 rugby and 17 football broadcast matches. This, together with the hosting of a concert, has laid the foundation of the events calendar for future years. The vision for the DHL Stadium has always been that it is a multi-purpose stadium hosting a variety of world class events. This has been achieved, with a robust, diverse calendar of events to look forward to in future years.

We enter the 2024/25 financial year with a healthy eventing outlook and one that we can build on as we look towards the long term financial sustainability of the business.

The ME sets the following objectives for the future years:

- **Drive towards financial sustainability**

Core to the establishment of the events calendar was securing Western Province Rugby as the Anchor Tenant to the DHL Stadium. This was achieved in January 2023. With more than a year of operating within the terms of the 99-year Anchor Tenant agreement, this relationship is well established and we look forward to focusing on driving new revenue streams in the upcoming years.

Underpinning the vision and mission of the ME is the objective of achieving long term financial sustainability for the operating of the DHL Stadium. This in turn will reduce the burden on the rate payer. The establishment of the ME in 2018 and the commercial endeavours to date have created a sound foundation on which the ME can build upon in future years.

The provision of support services as defined in the Service Delivery Agreement between the City of Cape Town and the ME has been renewed for a further three year period. During the next three years the ME will, on the availability of technology, human resource and funds, implement a plan that will result in a greater level of operational autonomy, with the aim being that the ME will become a fully independent and self-sufficient ME over the next 5 year period.

- **Event acquisition**

Western Province Rugby became the Anchor Tenant of the DHL Stadium in January 2023. This 99-year lease and the associated commercial terms have been operationalised and as the ME moves forward it will look to actively securing bespoke international and local events that will increase spectatorship.

In the first few years of the ME's business plan, the success of the ME was measured by the number of events hosted. While this remains a benchmark, in the latter years the number of spectators and guests was also incorporated as a measurement of success. The reason for the inclusion of the number of spectators in our success criteria is that the greater the number of spectators at any given event, the greater the revenue potential is at the event.

The stadium has a maximum spectator capacity of 58 000 spectators and the closer the spectator attendance is to the capacity, the higher the cost efficiency is for the event.

In future years the ME will actively canvass event organisers both locally and internationally to secure events that have the potential to generate a higher spectatorship. The nature of these events and the associated lead times will result in event acquisition efforts being conducted in the 2024/25 financial year with the resultant events being hosted in the outer years. This strategic focus will be conducted in collaboration with the City of Cape Town objectives.

The following number of events are anticipated over the next three financial years:

YEAR	BOWL EVENTS			NON-BOWL		TOTAL	SPECTATORS/ GUESTS
	Rugby	Football	Concerts /other	Film Shoots	Conference /tradeshow		
2024/25	15	15	5	30	70	135	850 000
2025/26	15	15	5	30	70	135	950 000
2026/27	15	15	5	30	70	135	1 000 000

Note: Subject to change

The ME aims to have an average attendance at events of greater than 15 000. We will achieve this by focusing on events that can offer either a spectator attendance of greater than 10 000 people or commercial terms that are favourable to hosting the event. We will implement an event acquisition strategy for bespoke local and international events that have the potential to generate a crowd of greater than 40 000. While our target number of spectators for the 2024/25 financial year is 1 000 000, the Service Delivery and Budget Implementation Plan is slightly more conservative, excluding any potential of play-offs in the URC and EPCR tournaments.

Part of the value the Anchor Tenant brings is the possibility of achieving the quarter final, semi-final and finals of professional rugby competitions. To this aim, the ME will collaborate with WP Rugby to offer the team the best possible pitch and player environment.

The ME will also encourage the best use of non-bowl spaces by customising and developing packaged services including government, year-end, corporate events and other hospitality offerings, making the way we promote our facilities and services more aligned to the market needs.

- **Property development and management**

We are cognisant that, in order for a stadium to develop a viable business model which will lead to financially sustainable over time, it is imperative that the business diversifies its revenue streams. This is primarily due to the size and cost of maintaining the stadium asset and its precinct over time. Given the size of the

stadium and the cost of maintenance and upkeep, it is unrealistic for this expense to be covered by eventing alone.

While eventing will always remain the core function of the ME, there is a need to diversify revenue streams to ensure the useful purpose of the asset is maximised.

With the events calendar now having sufficient bowl activity on a regular basis, the ME will focus on diversifying its revenue streams to include property development and property management. We will look to playing a meaningful role in the broader precinct where it will be of benefit to the ME and the City. The ME will also develop a plan for the best development of the stadium precinct in the next financial year. This will include building plans and funding mechanisms that will show a return on investment for the outer years.

- **Enhance stakeholder value**

The implementation of the commercial programme in the prior year has resulted in a number of new stakeholders to the business. Over the next period the ME will focus on how value is created for stakeholders and how best new relationships can be established and existing ones enhanced.

One of most important stakeholder we have is the spectator. To this end, the ME will consolidate its feed-back processes to ensure neutral and insightful information is gathered to guide our service delivery as we grow the business.

We extend our thanks to all our rights holders, and in particular DHL, who have through association assisted us in achieving our objectives. We will continue to focus on fostering relationship that are built on mutual respect and value.

- **Maintaining the asset**

The ME aims to maintain the DHL Stadium as a “world class” asset over time. A marked step in this process was the acquisition of a hybrid pitch in the prior financial year.

In the next period a number of projects have been identified that align to this objective. The first to commence in the new financial year will be the conversion of the stadium from halogen to LED lights. Other projects that will be investigated further in the new financial year include the use of solar power to reduce electricity and diesel costs as well as a number of projects to ensure the stadium remains in line with international technology trends. This in turn will ensure the stadium meets participation agreement requirements to host international tournaments which is particularly relevant to Western Province Rugby’s participation in senior professional rugby.

In the prior year the system of financial reporting was amended with the event related operating expenses being reported against the relevant income streams. The result of this is the ME now reports an accurate net revenue line. The next step in this process will be to separate out the general operating and maintenance expenses from those that are incurred to maintain the asset. This will give an

accurate view of the operating expenses associated with the running of the business versus those of maintaining the asset.

- **Ensuring sound governance**

The ME has secured a “*clean audit*” for the 2022/23 financial year and will continue to strive towards maintaining an unbroken record of “*clean audits*” in future years.

The implementation of its own financial system has allowed the ME to conduct analysis on revenues and expenses that was not possible to do on SAP due to the complexity and uniqueness of the various revenue streams. While this is imperative for 3rd party reconciliations it also gives direction to the event acquisition strategy.

We will aim to develop or secure our own operating systems as we move towards financial and operational sustainability. This strategy is linked to our ability to implement the revised and Board approved organogram which is aligned to the future organisational requirements. The three main amendments to the organogram are:

- Inclusion of a fully staffed, independent finance department;
- Inclusion of a fully staffed, independent supply chain management department;
- Appointment of an engineer within the organisation to further the mandate of property development and management as set out in this business plan.

1. WHO WE ARE

Cape Town Stadium (RF) SOC Limited (CTS), was established as a Municipal Entity (ME) in 2018 with the aim of enabling the City of Cape Town to fully commercialise its multi-purpose stadium, now known as DHL Stadium, in the suburb of Green Point, Cape Town.

The DHL Stadium is a multi-purpose facility with a maximum capacity of 62 000 people including support staff, spectators and others as required to host an event. It has a Business Lounge that can accommodate 2 100 guests and various size hospitality suites that can accommodate approximately 5 000 hospitality guests. The general seating capacity is 51 000 and together with a hospitality capacity of 5 100, the stadium has a total spectator capacity is 58 000.

Located at the foot of Table Mountain and within walking distance of the Victoria and Alfred Waterfront, the DHL Stadium is ideally positioned to attract international and local events. The stadium is a multi-purpose stadium hosting broadcast rugby and football events as well as concerts and other entertainment showcase events.

The stadium also offers a number of eventing spaces that are made available on a regular basis for conferences, trade shows and film shoots throughout the year.

1.1 SHAREHOLDING

The City of Cape Town is currently the sole owner (100% shareholder) of the Municipal Entity (ME) (Cape Town Stadium (RF) SOC Limited registration number: 2017/488 432/30).

A Service Delivery Agreement (SDA) was signed between the City of Cape Town and the Municipal Entity in 2019. This SDA outlines the roles and responsibilities of CTS and the manner in which the City will support the ME. CTS has, through this SDA, been mandated by the City to commercialise the DHL Stadium with the objective of becoming financially sustainable over time.

1.2 BOARD OF DIRECTORS

Notwithstanding its ownership of the ME, the City elected to appoint a board of directors consisting of non-executive members who as a collective provide the appropriate experience and professional skills that are aligned to the nature of the business of the ME.

The current non – executive board of director members are:

- Mr Peter-John Veldhuizen (Chairperson)
- Ms Viola Manuel (Vice-Chairperson)
- Ms Emma King
- Mr Brett Hendricks
- Mr Glenn Ho
- Mr Martin van Staden

- Mr Samkelo Blom

The current executive board of director members are:

- Ms Georgina Woodburn (CEO)
- Ms Fairoza Parker (CFO)

1.3 BOARD SUB-COMMITTEES

The Board of Directors has established 4 sub committees to assist them in fulfilling their mandate as directors. These committees are:

- Audit and Risk sub-committee
 - Ms Viola Manuel (Chairperson)
 - Mr Glenn Ho
 - Mr Pritish Dala (External Independent Member)
 - Mr Tom Blok (External Independent Member)
 - Ms Lindiwe Ndaba (City Representative)
- Human Resource, Social and Ethics Sub-Committee
 - Mr Samkelo Blom (Chairperson)
 - Ms Emma King
 - Mr Glenn Ho
 - Ms Viola Manuel
- Events, Marketing, Communication and Commercial Sub-Committee
 - Mr Martin van Staden (Chairperson)
 - Mr Brett Hendricks
 - Ms Emma King
 - Mr Peter-John Veldhuizen
 - Mr Samkelo Blom
- Finance Sub-Committee
 - Mr Glenn Ho (Chairperson)
 - Ms Viola Manuel
 - Mr Brett Hendricks
 - Mr Martin van Staden

The ME welcomed Ms Emma King and Mr Brett Hendricks to the board of directors in November 2023 and Mr Glenn Ho in November 2022. All appointments of board members are conducted by the shareholder, the City of Cape Town.

The tenure of the remaining board members was renewed on 1 November 2023 for a further three year period. Mr Peter-John Veldhuizen was reappointed as Chairman of the Board in November 2023 for a further 2 year period.

1.4 POLICY MAKING

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

The existing policies were revisited where appropriate amended, and approved by the Board of Directors in the prior year:

- Director and Audit Committee Remuneration Policy;
- Supply Chain Management (SCM) Policy;
- Code of Ethics Policy;
- Health and Safety Policy and Standard Operating Procedures;
- Entertainment Policy;
- Hospitality Suite Policy;
- Business Travel and Subsistence Policy;
- Gift Policy;
- Cost Containment Policy;
- Virement Policy;
- Reboot (Staff function room) Policy;
- Repairs and Maintenance Policy;
- Credit Control and Debt Collection Policy;
- Environment and Event Sustainability Policy;
- Petty Cash Policy;
- Risk Management Policy;
- Preferential Procurement Policy.

The organisation's policy framework will be reviewed in the upcoming financial year as policies are reviewed every 2 years. CTS maintains a policy register for all board approved policies.

The ME will also look to develop a Corporate Social Investment (CSI) Policy that will encourage, guide and make available DHL Stadium expertise, venues and complimentary tickets to suitable individuals and organisations.

2. STRATEGIC FOCUS

2.1 PURPOSE STATEMENT, VISION, MISSION, VALUES

Purpose Statement

The DHL Stadium continues to enjoy the unique market position of being the largest mass spectator venue in the Western Cape of South Africa. It is also the only sports and recreation stadium in the Western Cape that is categorised to host high risk events.

As a business, we aim to be dynamic and flexible, demonstrating the ability to host a variety of events of varying complexity including international and domestic rugby tournaments, Premier Soccer League matches, iconic concerts and an assortment of bespoke events. This ensures we live up to our purpose of being a multi-purpose stadium.

At the heart of our business is our commitment to provide a venue that can host spectacular and memorable events – ***to be the place where memories are made.***

Our Vision

To achieve global recognition as a world class stadium through the hosting of iconic experiences

Our Mission

We achieve our vision of global recognition as a world class stadium through the hosting of iconic experiences by:

- enabling the creation of extra-ordinary experiences through collaboration with our partners in an innovative and dynamic manner. We achieve this through team integration – ensuring that we understand and enable our client's objectives;
- adopting a client-centric, solution-driven approach, ensuring that we provide a legislatively compliant, safe and secure environment for our clients and guests; and
- taking care of our business and the stadium in a manner that is financially and environmentally sustainable, being mindful of our commitments to our stakeholders.

Our values

At the core to our values is the recognition that the satisfaction of our clients and guests are key to the achievement of our vision. We rely on repeat business and to this end it is imperative that our actions are underpinned by values that drive our day-to-day behaviour:

- **Integrity**
We hold ourselves and one another accountable and deliver on our promise to our stakeholders.
- **Innovation**
We have a “can do” approach, are nimble and open to change when working with our clients.
- **Excellence**
We hold ourselves to the highest standards of service delivery for our clients, guests and spectators.
- **Positivity**
We nurture a positive approach and work with resilience and determination to deliver the best for our clients.
- **Collaboration**
We believe our success lies in working together with stakeholders to achieve our objectives.
- **Courage**
We are bold and brave and take responsibility for our actions.
- **Trustworthy**
We build credible relations and take care of ourselves and each other.

2.2 STRATEGIC OBJECTIVES

The ultimate aim of the ME is to become financially sustainable over time. The life cycle of a stadium is over 150 years and business growth must be achieved in a manner that will prove to be robust over time. With the establishment of the ME in 2018, initial ground work to achieving financial sustainability was hampered by the COVID 19 pandemic and national government regulations which prevented the hosting of events with spectators between 2020 and 2022.

In the prior financial year a robust events calendar was secured and the commercial overlay implemented. The securing of WP Rugby as an anchor tenant was pivotal to this process. This groundwork has set a solid foundation for the ME to grow in future years.

In the 2023/24 financial year the ME developed a roadmap to achieving greater financial sustainability and independence as a ME, building on the successful achievements to date.

The primary strategic objectives, which align to this roadmap are:

- **Secure a rolling 5-year bowl event calendar**

While the ME has achieved success in securing a robust event calendar for the 2024/25 financial year, the focus will move towards the outer years and securing reputable marquee events well in advance of any given financial year. This will be achieved through engaging with the international market and identifying bespoke events that would be attractive to the local market and have the capacity to attract large crowds.

In the prior year, the focus of the ME was to secure a full calendar of events. In future years the ME will focus on the quality of event secured. The drivers of this strategy will be to secure events that closest align to the ME's target markets: those that can either deliver a greater number of spectators or commercial value, as these events will in turn maximise our revenue potential. The ME will also focus on events that offer "repeatability" which will in turn build tradition in the events calendar. Tradition encourages attendance, with spectators planning for the occasion in advance each year.

Building relationships and partnerships directly with both local and international event organisers as well as tournament rights holders will become a priority as we represent the benefits and attributes DHL Stadium has to offer. This strategy will play a role in the ME increasing the average attendance of events hosted at the DHL Stadium. The ME will look to fostering relationships with other multi-purpose stadia globally to network and facilitate event acquisition efforts.

- **Promote conferences, exhibition and trade show spaces**

There is no doubt that the 58 000 seater bowl is the heart of the DHL Stadium. There are however many other spaces within the stadium precinct that are suitable for conferences, exhibitions, trade shows and film shoots. The stadium precinct offers a diverse environment that is unique and can be used as a backdrop to many different bespoke event concepts, with the ideal event hosting in excess of 500 pax or large multi-day film shoots.

While these spaces have always been made available for rental, the ME has developed a strategy that will see a greater number of "packaged" options, allowing users to develop an understanding of how the spaces can be used. The ME will theme campaigns that are relevant to the market through the year. These campaigns will target specific audiences such as government conferences, exhibitions, gala dinners and year-end work functions.

- **Diversify income streams**

Eventing and the hosting of iconic bowl events will always be a core area of the business. But there is no doubt that any stadium globally will struggle to achieve financial sustainability without generating revenue from other income streams such as long term leases and a broader use of the asset. To this end, the ME has begun the process of assessing property development opportunities and how best these can be realised.

The ME will develop a plan during the upcoming financial year that will inform the business viability of various property development initiatives and management models for implementation in future years.

The ME will also look to the broader precinct to seek out opportunities where the existing skills of property management and maintenance could be used to the benefit of the City and the greater community. The ME currently manages the existing leases within the stadium precinct including the “McDonalds” site and aims to sign a 10 year lease with Western Province Rugby for office space.

- **Build value for stakeholders**

In July 2021 DHL was secured as the naming rights partner to the stadium. These were the first rights the ME promoted and sold in the market via a tender process. In the years that followed a variety of rights such as pouring, hospitality, advertising inventory and business lounge memberships were launched to the market.

While traction has been achieved in certain areas, in the upcoming years the ME will look to increase the value offered to various rights holders and clients. This will be achieved through maximising broadcast time and activation opportunities within the confines of the contractual framework.

The Business Lounge concept was launched in 2023. The Business Lounge can be accessed through the purchasing of a membership or on an ad-hoc event by event basis. There are two lounge concepts – the VIP Lounge which offers a full hospitality service and the Supporters Lounge which offers a more affordably hospitality offering. In the upcoming years the ME will focus on building value in these memberships with the long term objective of building the memberships into a property that is scarce and sought after.

The Business Lounge has become one of the most popular hospitality spaces for event organisers hosting matches and concerts at the DHL Stadium. As a multi-purpose stadium the Business Lounge is designed to be utilised by a variety of different Event Organisers, offering the flexibility that allows the Event Organiser to tailor the shared hospitality space to their specific event theme.

The Business Lounge falls under the commercial control of the ME and will in the future become a key revenue stream of the business.

The ME intends to conduct an economic impact assessment for the 2022/23 financial year as well as future years. This will provide a benchmark to the value that the DHL Stadium and its associated events offers the City of Cape Town and other stakeholders and partners.

- **Benchmark internationally**

Core to the vision of DHL Stadium is to remain a “world class” venue. To this end the ME will benchmark its facilities, information technology solutions and service offering against international best practice. This will result in an informed approach to capital spending which takes into account the shifts in technology and stadium enablers that are becoming the norm internationally.

The ME will also look to forming relationships with other multi-purpose stadia globally with the aim of achieving shared learnings with regards to fan engagement tools, best practice on technology and asset preservation. This strategy will also align to the acquisition of events through the fostering of international relationships.

The ME intends to showcase the DHL Stadium and events hosted at the stadium. This will be achieved through networking internationally and entering international competitions with the aim of securing awards. This strategy aims to promote the “world class” nature of the facilities and events hosted at DHL Stadium.

- **Engage consumers**

From both an event organiser and spectator perspective, repeat business is exceptionally important. The notion of building an event calendar with “tradition” allowing spectators to develop an expectation of when certain events will happen at certain times is important as it enables the notion of “repeatability”. This in turn encourages repeat bookings of the stadium for certain reputable events and spectators begin to plan for these same events.

In order to achieve this the ME must critically evaluate its service delivery to both event organisers and spectators, encouraging openness with regards to satisfaction levels and implement systems that ensure honest, constructive feedback is received so as to improve our service offering and encourage repeat usage.

While the evaluation of our services is not measured in the SDBIP it is reported on each quarter to the Board of Directors as it is an important benchmark to success.

- **Investigate and contain utility service costs**

The ME has three main cost drivers, namely utility services (water, electricity, and diesel), staff costs and maintenance costs.

The staff costs were analysed in the 2023/24 financial year and have been realigned to the future needs. The maintenance costs by large are driven by the short and long term programme to preserve the stadium asset. The ME will embark on an exercise to better understand the maintenance costs by separating out the reactive “day to day” maintenance from that of the long term asset preservation maintenance.

The most volatile cost the ME faces is that of escalating utility costs which are well above inflation and largely influenced by factors outside the control of the ME. The cost of electricity and diesel for the prior year has again exceeded budget due to continued load shedding and the use of diesel during load shedding periods. While the overall ME expenditure remains below budget, this has been achieved by costs savings in other areas.

A capital works plan has been included in the 2023/24 financial year budget to begin the process of energy efficiency gains by changing all existing halogen light bulbs to LED lights and in the 2024/25 financial year the bowl flood lights and growing lights of the pitch. A plan to convert the stadium to solar power and feed surplus power back into the grid has been tabled and this will be investigated further during the 2024/25 financial year, with the aim of achieving long term cost savings and stability to the future utility costs. This initiative also supports the ME's environment sustainability strategic objectives.

- **Retain staff**

The majority of employees of the ME are City of Cape Town employees seconded to work full time for the ME. The staff employed directly by the ME are the Chief Executive Officer and the Chief Financial Officer.

Over time many of the staff have developed industry specific skills which are not readily available elsewhere as they are specialised in stadium management. This is particularly post Covid 19 where many professionals have left the industry. There is very little industry specific training and staff gain the necessary skills by working "on site".

The working hours by nature require flexibility and at times can be long. Management aims to sustain an environment that, while demanding, that appreciates the need for work/life balance and acknowledges the contribution made by staff.

Focus will also be placed on succession planning for senior management and key positions over the next three years.

- **In-housing of support services**

Through the Service Delivery Agreement between the City of Cape Town and the ME, the ME is able to access certain support services such as finance, supply chain management, legal, engineering, human resource, marketing and others as required.

As the ME has evolved it has developed in-house capacity for certain functions and it will continue to do so in the next financial year. The main area of focus for the next financial year will be to build capacity in areas of finance and supply chain management. A total of 23 tenders were advertised in the 2022/23 financial year and implemented in the 2023/24 financial year. A further 4 tenders are in progress. It is anticipated this trend will continue as the ME achieves a greater level of financial sustainability.

Due to the commencement of the commercial initiatives in the 2020/21 financial year, many of the existing tenders terminate at the same time. The ME will focus on its demand planning with regards to tenders in the upcoming years to create a more even spread in the advertising of tenders.

The ME is also currently in the process of drafting a tender for the appointment of a B-BBEE rating agency in order to secure certification. The ME will first seek guidance on how it can contribute meaningfully in this regard before commencing with the certification process.

The ME utilises its own contract management system. We will look to developing an automated system for contract management in the new financial year. The contract management system monitors the value derived from suppliers and ensures value for money while highlighting any requirements for the corrective management of suppliers.

The ME secured its stand-alone finance system in 2022 which has enabled the accurate accounting for and record keeping of all commercial revenues and the associated 3rd party agreed terms. As the ME is enabled through the associated technology, systems and staffing, it intends to develop a greater level of independence in its financial and supply chain management processes. The implementation of this strategy will be dependent on securing the necessary budget to progress this objective.

- **Responsible Citizenship**

While we continue our journey to financial sustainability, the ME will remain cognisant of the importance of good governance and the laws and acts that we are governed by. The ME achieved a “*clean audit*” for the 5th consecutive year in 2022/23 and we intend to achieve the same outcome in future years. As we grow as a business, we ensure that the growth is achieved in a financial and legal framework that is in line with the MFMA, Systems Act, King IV and other relevant legislation.

The ME will look to formalising how it “gives back” by developing a policy for CSI engagement that will allow us to offer opportunities to organisations and individuals in order to be responsible citizens.

The ME will also build on the work done in prior years with regards to environmental sustainability, encouraging event organisers and ourselves to develop a greater level of commitment to the environment through the implementation of realistic and achievable plans.

Section 6 of the business plan sets out the implementation plans of each department over the coming year and the role they will play in achieving our objectives.

2.3 KEY STAKEHOLDERS

CTS continues to enjoy the support of and conduct its business with an ever expanding range of stakeholders and stakeholder groups. CTS acknowledges the importance of our stakeholders and aims to communicate in a transparent and meaningful manner with all those we interact with.

Our stakeholders include:

<p>Governance</p> <ul style="list-style-type: none"> • CTS Board Members • City of Cape Town • Western Cape Government • National Government 	<p>CTS Staff and suppliers</p> <ul style="list-style-type: none"> • Full time staff • Casual event day staff • Service Providers and contractors
<p>Clients/Customers</p> <ul style="list-style-type: none"> • Spectators/event attendees • International and local sports and entertainment rights holders • Professional sports franchises and clubs • Concert promoters and production companies • International and local sponsors and corporate guests • Cultural, religious and political organisations • Motion picture industry • Conference organisers • Anchor Tenants 	<p>Media</p> <ul style="list-style-type: none"> • International and local print and broadcast media • On-line media • Journalists <p>General public</p> <ul style="list-style-type: none"> • Ratepayer associations • Immediate community • Broader Cape Town and Western Cape communities • National and international visitors <p>Business Partners</p> <ul style="list-style-type: none"> • Rights holders • Advertisers

3. 2023/24 HIGHLIGHTS

The following notable achievements were realised in the prior year:

- **Clean Audit**

The Municipal Entity once again secured a “clean audit” for the 2022/23 financial year. In conclusion the Auditor General summarised the financial performance of the ME for the period under review:

“The stadium is once again commended for receiving a financially unqualified audit opinion with no findings on compliance with laws and regulations and performance information (clean audit opinion) for the 2022-23 period under review.”

“Cognisance is given to the stadium for performing consistently well post the Covid-19 pandemic. The stadium was able to systematically increase revenue generation, which resulted in showing a profit in the prior year under review.”

“The reliance on the parent company has reduced in the current year. The reduction in the contributions by the City of Cape Town and services in kind was 16.6%. The stadium is encouraged to continuously strive to reduce the reliance and eventually become more sustainable.”

Auditor General Summary 2022/3 FY audit

In October 2023 we said farewell to Lesley De Reuck on his retirement. Lesley served as Chief Executive Officer of the ME since its establishment in 2018 and secured a clean audit for each year of his service.

We wish Lesley well on his retirement and thank him for his leadership and contribution to the establishment which led to the successful growth of the ME over the years.

- **Welcoming Western Province Rugby to their new home**

In 2018 a binding Heads of Agreement was signed between the City of Cape Town and Western Province Rugby. This agreement set the salient principles of the future envisaged Anchor Tenant agreement.

Between January 2019 and October 2021 the parties, together with the now established ME, deliberated and concluded the drafting of the Anchor Tenant agreement and Suite Concession agreement which formed the contractual framework of the 99 year agreement between the parties.

In October 2021 WP Rugby was placed under administration by the South African Rugby Union (SARU). The Administrator requested an extension to the negotiation process so that they may apply themselves to the agreements and ensure that the interests of WP Rugby were catered for. In December 2022, 4 years post the signing of the Heads of Agreement, SARU, WP Rugby, the City and CTS were satisfied that due consideration had been given and these agreements should be entered into.

The Anchor Tenant and Suite Concession agreements were signed between WP Rugby PTY, the Union, City of Cape Town and the ME in December 2022 with the 99-year lease commencing on the 1 January 2023.

Between December 2021 and December 2023 the DHL Stormers played a total of 25 matches at the stadium, winning 22 of those matches. Included in these matches was the URC Grand Final in July 2022 which the DHL Stormers won and the URC Grand Final in July 2023 which they narrowly lost to Munster.

It has been a pleasure to see the match attendance grow, with the spectator experience positive. There is no doubt while the tradition of Newlands Stadium will be missed and will remain in the hearts of supporters for years to come, DHL Stadium has allowed for a new energy and experience to evolve.

The Steering Committee and Sub-Committees structures are defined in the Anchor Tenant agreement and form the basis to the working relationship between WP Rugby and the ME. These committees were successfully instituted during the first year of contract and will continue to operate as the relationship progresses through the years.

- **Building affinity to the brand**

With DHL now approaching their 3rd year as naming rights sponsor, far greater traction has been achieved with regards to the media use of the stadium name. All events hosted at the stadium and the majority of media houses now refer to the stadium by its designated name, that of DHL Stadium.

The growth in “owned” platforms such as the website, social media handles and databases has allowed the ME to communicate more broadly with stakeholders, in particular those attending events at the stadium. This has enabled us to provide information that enhanced the stadium experience, with the general public forming a greater affinity towards the stadium.

The end objective is always for the general public to refer to the DHL Stadium as “our stadium”.

- **Replacement of the Pitch**

Following the British and Irish Lions Tour in July 21 where a total of 3 matches and 3 Test Matches were played on the pitch in a period of 6 weeks, it was decided that it would be in the best interest of the business to replace the pitch earlier than intended. This decision took into account the anticipated increase in traffic on the pitch given that both rugby and soccer would in the future be played at the DHL Stadium on a regular basis.

The 2023 Rugby World Cup window period was identified as the ideal time to replace the pitch as it would have the least impact on the business. With due process being followed, the pitch was replaced between July and September 23 at a capital cost of R13, 5 million inclusive of vat.

A GrassMax hybrid system was installed. The pitch is now 50% synthetic grass and 50% natural grass. This adaptation provides a far more robust pitch that can withstand a higher usage rate. It also provides a faster turnaround time for concerts where pitch protection is used on the pitch.

The pitch was handed back on the 26 September 23 and the first match played on the new pitch was the Ikapa derby between Cape Town City FC and Cape Town Spur FC. Since then a number of rugby and soccer matches have been hosted successfully on the pitch, including HSBC SVNS which returned for the 5th time in December 2023. The pitch has already proven to be a very worthwhile investment and the timing of its replacement fortuitous.

- **Event Hosting**

In the 2022/23 financial year the DHL Stadium hosted a total of 135 events, of which 37 were bowl events, against the SDBIP target of 110. A total of 993 627 spectators visited the stadium against the SDBIP target of 650 000. The spectatorship numbers were exceeded due to the hosting of the URC Grand Final and the World Cup 7's. This shows the positive outcome of hosting large events and the benefits they bring with regards to increased spectator numbers.

It is estimated that the 2023/24 financial year will achieve its SDBIP target of 750 000 spectators, however it must be taken into account that the pitch replacement process created a “down time” of 3 months while the pitch was replaced.

The target for the number of events for 2024/25 financial year remains consistent at 135 events. Our focus is to increase the number of spectators derived from the events calendar with a target of 1 million spectators for the next financial year. This directs the ME's strategy and focus to the commercial value of each event as well as number of event hosted.

- **Commercialisation of DHL Stadium**

The events commercial overlay was implemented once COVID 19 restrictions were lifted in 2022. This included the appointment of service providers for the provision of hospitality, liquor distribution, concessions, product suppliers and pouring rights partners. The result being the stadium is now either rented as a “clean stadium” where a premium is paid by the Event Organiser or with the commercial overlay intact. When the commercial overlay is utilised, the Event Organiser and the ME share the benefits of any product sales at events hosted at the stadium.

This commercial overlay of the ME requires interdependencies between various service providers, resulting in complex financial reporting and standard operating procedures. This model is now fully implemented and has been adopted by the majority of Event Organisers hosting events at the DHL Stadium.

While we are mindful of the need to always cater for “clean stadium” events, implementing the ME commercial service providers has enabled a consistent experience with regards to way finding, hospitality arrangements and kiosk plans. This allows spectators to develop familiarity with regards to where and how they utilise the stadium precinct and services. This is particularly relevant to a multi-purpose stadium such as the DHL Stadium that hosts a variety of different events that have different rights holders.

The Commercial services were retendered in the 2022/23 financial year and tenders have been awarded to the new service providers for a 3-year period. A greater number of offers were received in the recent tender process due to the increased perceived value in the market place. The tender specifications and on-boarding of the service providers included the insights that were gained in the implementation of the previous tenders.

The ME will continue to actively promote its services to Event Organisers and spectators. It will also benchmark its service offering internationally to identify other areas where the existing service offering can be extended or enhanced to the benefit of all stakeholders.

As the event calendar is the core to the commercial strategy, the strategy of the ME focused on securing a robust events calendar was the first step of commercialisation process. With the anchor tenant and other event organiser relations established and the commercial event overlay in place, the ME has conducted preliminary investigations into the various potential property development and property management scenarios. This strategy will evolve in the future years.

- **Maintaining the Asset**

The Service Delivery Agreement (SDA) signed between the City of Cape Town and the ME outlines the responsibility of the ME in maintaining the stadium as an asset. A rigorous programme of work is entered into each year which details the super structure cleaning and maintenance requirements. Alongside this the ME manages the capital lifecycle works replacement programme, with the aim of ensuring the DHL Stadium remains a world class facility over time.

The respective undertakings focused on the following tasks, utilizing the necessary essential skills available:

- **preventive maintenance:** regular, scheduled maintenance and system testing to ensure compliance and readiness;
- **corrective maintenance:** identified areas through preventative maintenance that require further attention and can be done through internal resource;
- **reactive maintenance:** unplanned identified maintenance that occurs through facility use, vandalism or other day-to-day activities;

- **emergency maintenance:** activities that stop or significantly reduce immediate damage to facilities and protect human life; they restore essential services; and
- **non-maintenance** (or “run-to-fail”): includes activities that are often performed by technical employees, but do little to maintain or extend the life of the Stadium facilities.

- **Utility Costs**

For the 2nd year in a row, the ME had the challenge, through elements outside of its control, to contain its electricity and diesel costs within the allocated budget. The ME has incurred a 17.5% increase in the electricity tariff year on year. While certain of these costs are passed onto the Event Organiser, a large portion of the cost driver is for non-event day utility services. The continued implementation of load shedding has had a significant impact on the diesel costs of the stadium, with many systems requiring that they remain “always on” during load shedding to protect the integrity of the systems.

During the 2022/23 financial year an assessment was conducted by the City of Cape Town Directorate: Corporate Project Programme and Portfolio Management Department in order ascertain the best way to approach these utility costs. A 5 year plan has been drafted indicating three areas where cost savings can be achieved:

- Replacing all stadium halogen bulbs to LED;
- Replacing the bowl floodlight halogen bulbs to LED;
- Installing a solar system on the stadium roof that will generate sufficient power for the stadium and feed the balance back into the grid.

The first phase of these cost savings will be implemented in the 2023/24 financial year and further investigation will be conducted in the 2024/25 financial year with regards to the cost benefits of solar energy.

- **Financial Performance 2022/23 financial year**

While the ME successfully controlled its expenses within budget for the 2022/23 financial year, the ME reported an overall loss of R3, 4 million.

This loss was due to a higher budgeted revenue for the hosting of events than that which was achieved. The events industry remains volatile post COVID 19, resulting in less events than anticipated and the late cancellation of planned events.

The result being that while the grant funding was successfully reduced by 16.6% and expenses remained in line with budget the reduced revenue against the budgeted revenue resulted in an overall loss position for the ME.

4. CONTEXTUAL LANDSCAPE

4.1 INDUSTRY LANDSCAPE

While the COVID19 restrictions were lifted in April 2022, the devastating impact these restrictions had on the eventing industry can still be seen. It has been rewarding to see the positive response from spectators towards events with all event day services returning to normal.

The lasting change that can be seen is a shift away from cash transactions towards the use of debit and credit cards. This is a welcome change as it reduces the risk of cash transactions and results in more accurate sales reporting.

The challenges that the industry experienced post COVID 19 with regards to cash flow and qualified support staff have continued. The areas particularly challenged are in catering and technical equipment suppliers, with businesses struggling to service contracts without large deposits. This challenge is particularly noticeable when the DHL Stadium is host to a full capacity event of 58 000. An event of this nature is one of the largest that the industry will service in the greater Cape Town area and it has taken time for the industry to upskill again and reach a place where it can comfortably service such events.

In the latter part of 2023 the industry began to stabilise, with greater ease of service delivery on large events. Without further disruptions to the industry, it is anticipated this trend will continue on a positive note.

Load shedding continues to impact negatively on all areas of business. Not only has load shedding impacted negatively on the ME itself, but suppliers struggle to keep pricing at fixed rates when the cost of service delivery is a variable due to the unpredictability of load shedding and the price of raw goods.

From a rights holder and event organiser perspective, the weakening rand places challenges on local promoters, with some finding that the financial model of securing international artists is becoming prohibitive. The ME remains mindful of this challenge and the importance of remaining affordable as a venue to concert promoters. This challenge can also be seen in the ticket modelling of international rugby events where the stadium is attractive as it offers a capacity of 58 000, however the Rand/Euro/Pound conversion dilutes any earnings from ticketing.

As we move into the New Year, we anticipate these challenges will remain consistent and the business has developed various strategies to deal with this reality.

4.2 EXTERNAL ENVIRONMENT /PESTLE ANALYSIS

The macro-environmental analysis with regards to the political, economic, social, technological, environmental and legal (PESTLE) landscape was revisited and updated given the changing business environment that the ME operates in. The high-level findings of the updated PESTLE analysis are as follows:

POLITICAL <ul style="list-style-type: none"> • 2024 Election year and possible disruptions; • Civil unrests and demonstrations using large events as a backdrop; • Upcoming elections. 	ECONOMIC <ul style="list-style-type: none"> • Low disposable income; • Lack of attractiveness of the events industry to professionals; • Load shedding and escalating cost of goods and services; • Rand/Dollar/Euro exchange impacts on securing international artists; • Worsening load shedding. 	SOCIAL <ul style="list-style-type: none"> • Consumer shift towards plant based food choices; • High crime rate/homelessness within the broader precinct; • Increased use of digital platforms vs live content.
TECHNOLOGY <ul style="list-style-type: none"> • Fast pace of technology changes globally and the need to remain abreast to be “world class” • Automated, self-payment systems and other consumer enabling digital products; • “Second screen” principle and the change in how live events are enjoyed; • Hologram and AI applications. 	LEGAL <ul style="list-style-type: none"> • Implementation and testing of POPIA legislation as courts are challenged; • Differences in country specific laws and legislation when contracting cross border; • Force Majeure clauses change due to pandemic. 	ENVIRONMENTAL <ul style="list-style-type: none"> • Potential raise in temperatures and unpredictable weather patterns due to the impact of global warming; • Shift in consumer behaviour towards environmental consciousness; • Consumer expectation that businesses are environmentally sensitive and take positive actions with regards to environmental sustainability.

4.3 INTERNAL ENVIRONMENT

DHL Stadium is the only stadium in the Western Cape that has the capacity to safely host more than 40 000 spectators at an event. It is well positioned in an area that is well maintained and has ample options of public transport including the MyCiTi Bus.

The surrounding precinct of the stadium offers easy access and egress, with large crowds dissipating quickly and efficiently into the surrounding areas. It is flanked by the Victoria and Alfred Waterfront on the north and the Green Point Park and golf club on the west. The south offers a vibrant restaurants, coffee shops, bars and hotels, which flow into the fan walk which is activated on large event days allowing spectators to walk to and from the city centre safely.

While the core business of the stadium is to host iconic bowl events that have a spectator capacity of between 10 000 – 58 000, the stadium has a number of other eventing space that can be utilised most days of the year. So while the majority of visitors come to the stadium on a bowl event day, guest utilise the various venue options throughout the year.

Aside from eventing, the ME manages a number of leased areas within the precinct and will look to extend their property development and management portfolio in future years with the aim of diversifying income streams.

4.4 SWOT ANALYSIS

<p>STRENGTHS</p> <ul style="list-style-type: none"> • World-class, multi-purpose facility that is exceptionally well maintained; • Geographical location and Accessibility; • Spectator experience publicly acknowledged as one of the best stadium experiences in SA; • Established track record with event organisers; • Busy bowl events calendar – high demand; • Strong corporate governance; • Competent staff and service provider network; • Support of the City of Cape Town; • Proactive and competent board of directors and senior management team. 	<p>WEAKNESS</p> <ul style="list-style-type: none"> • Dependency on ESKOM and associated load shedding; • Lack of product/services sales focus; • Poor awareness of non-bowl spaces available for rental in the market place; • Single revenue source – eventing; • High cost of hosting mass spectator events in Cape Town; • Limited number of promoters and event organisers who can deliver bowl events.
<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> • Promote DHL Stadium attributes internationally; • Promote conferencing and other venues locally; • Strengthening relations with rights holders and event organisers to encourage repeat business • Diversity revenue streams through property development and management; • Collaborate with City of Cape Town, WESGRO, CTICC and Tourism with regards to event acquisition and networking with potential clients. 	<p>THREATS</p> <ul style="list-style-type: none"> • Spectator fatigue for live sporting events and concerts, demonstrating a preference to “stay at home”; • Continued economic challenges within the industry making the cost of hosting events prohibitive; • Ongoing load shedding and the broader impact on the economy and disposable income; • Potential demonstration by political or religious causes; • Crime and the impact on the appeal to the international markets • Tournament participation date changes impact on event scheduling (rugby) – seasonal nature of business. • Increase in the number of street dwellers in the broader precinct

5. CTS PURPOSE AND SERVICE MANDATE

5.1 SERVICE DELIVERY AGREEMENT (SDA)

A SDA was signed between the City of Cape Town and the Municipal Entity on 15 November 2018. The City Support Services as provided for in this agreement were renewed for a further 3 year period with effect from 1 February 2024.

CTS continues to comply with its responsibilities as outlined in the agreement. The salient provisions of this SDA are:

PERIOD OF AGREEMENT	The period of agreement is 50 years from the commencement date. The City may, at its sole discretion extend the Service Provider's (ME's) appointment for a further period of 49 years.
FUNDING	The City will provide the grant and allocation to cover the Entities operational expenditure in terms of an approved budget and provide support services. The stadium will be responsible for all maintenance, which will be based on the City's maintenance standards. The City will be liable for all capital expenditure.
STAFFING	The City will second staff members to the Entity with the concurrence of the staff members concerned. Staff currently employed at CTS will remain as City employees, seconded by the City on a 3-year term, will be paid by the City and will receive their standard benefits including bonuses and leave pay. The ME may appoint additional staff.
SERVICES PROVIDED	General facility maintenance & event support operations, Events and entertainment services management, Commercialization, marketing and hospitality management, Finance, legal and administration management
OWNERSHIP	The City of Cape Town is 100% shareholder.
OVERSIGHT	The Finance Directorate (Treasury Department) of the City monitors the SDA and related performance and compliance of the municipal entity.

CITY OBLIGATIONS	<p>The City will provide dedicated and prioritized support (City Support Services) with regards to accounting, financial management and budgeting per MFMA, including utilization of the</p> <p>SAP (Systems, Applications and Products) System as used by the City and Supply Chain Management support, legal, company secretary, brand management and communication. In addition, the City must provide dedicated and prioritized services regarding human resource management support, as well as internal audit and risk management support including oversight over the service provider's audit committee.</p>
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5.2 EXECUTION OF SERVICE DELIVERY MANDATE

This business plan, together with the Service Delivery Budget Implementation Plan (SDBIP) targets and scorecards of the Entity have been developed to ensure focused implementation and execution of its legislative and contractual mandate, obligations and responsibilities (Annexure B).

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:

- **Technical Maintenance of the stadium**

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

- **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.

- **Commercial, 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.

- **Internal company service management**

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

- **Finance Management**

Financial accounting, reconciliation and reporting. Supply Chain Management and Contract Management.

5.3 ALIGNMENT TO CITY IDP

CTS will continue to conduct its business in accordance with the key pillars and objectives of the City's current 2022-2027 IDP.

The business planning of all DHL Stadium Departments are aligned with the following City of Cape Town Strategic Focus Areas:

- **Strategic Focus Area 16.A: A capable and collaborative City of Cape Town**
 - 16.1 Operational Sustainability Programme
 - 16.2 Modernised and Adaptive Governance
 - Investment and Partnership Development Programme
 - Sustainable Entities
- **Strategic Focus Area 11: Public space environment and amenities**
 - 11. Quality and safe Parks and Recreation Facilities supported by Community Partnership
 - 11.1 Quality Social Facilities Programme (Major Event Hosting Facilities and maintenance initiative)
- **Strategic Focus Area 1: City of hope: Inclusive economic growth**
 - Increased jobs and investment within the Cape Town Economy
 - Inclusive economic development and growth_(Major Event Hosting Facilities and Maintenance initiative)

The ME is an enabler to economic growth within the broader Cape Town and the Western Cape. To this end the ME intends to conduct economic impact assessments on an annual basis to demonstrate the value that is derived from the hosting of events at DHL Stadium.

5.4 GOVERNANCE

As an organisation, CTS, its Board of Directors and management have adopted and will continue to conduct its business operations in line with the ethical, moral and compliance principles as set out in King IV.

The Entity's board, its members and management will continue to place a strong focus on the upholding of high standards of corporate ethics, fiscal management and corrupt-free practices.

CTS has developed all relevant departmental strategies/policies and standard operating procedures in line with the above statement and through its various management processes ensures that it operates its business in a manner compliant to all relevant legislation.

6. DEPARTMENTAL PLANS

The departmental plans provide an overview of each department's mandate, objectives and plans that will be implemented to support the overall objectives of the organisation.

6.1 MARKETING AND COMMERCIAL DEPARTMENT

The Marketing and Commercial services were merged in the 2022/23 financial year. This merge proved to be successful in the 2023/24 financial year, with increased productivity and efficiencies between marketing and commercial.

The 2024/25 financial year will aim to strengthen this alignment, with a stronger focus on our approach to the market and how this in turn creates value for the organisation.

Mandate

The Marketing and Commercial Department is responsible for the communication and promotion of the attributes and services of the DHL Stadium to its stakeholders and the broader community.

It is also responsible for the development and implementation of the commercial strategy that aims to maximise revenues while taking into account the broader objectives of the ME.

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

- Marketing and Communication Strategy
- Commercial Strategy

Strategic Objectives 2024/25 – 2028/29

The department has set the following strategic objectives:

Marketing

- promote and build the brand of DHL Stadium to position the stadium as a world class, multi-purpose venue that is able to support the delivery of extraordinary showcase events;
- communicate with stakeholders to convey the purpose, vision and mission of the organisation;
- to support the acquisition of events and clients through targeted campaigns;
- to build the value of "owned platforms" such as the web site, databases and social media platforms to increase engagement with the aim of promoting and enhancing our service offering and spectator experience;
- survey and provide meaningful feedback to the organisation with regards to client, event organiser and spectator feedback.

Commercial

- the commercialisation of all potential event related revenues;
- benchmark the spectator experience against international trends and innovations in order to improve the spectator experience;
- scan the local and international market for event acquisition opportunities and actively network with the events industry;
- identify new partner opportunities and manage existing partners in a meaningful way, demonstrating the value derived from the association to DHL Stadium;
- the identification and development business opportunities such as property development that will diversify the ME's revenue streams ; and
- actively seek out other potential revenue streams that will assist the ME in achieving its objective of financial sustainability.

Departmental Plans 2024/25 financial year

- **Build affinity to the brand**

During the last financial year the positive sentiment has grown towards the DHL Stadium. There has been a marked shift in public sentiment towards the DHL Stadium which is now by large seen as a vibrant multi-purpose stadium that hosts a variety of showcase events each year.

"The place where memories are made" is the purpose statement of the ME. The experience that a spectator has at the DHL Stadium should become a positive, lasting memory. Our guests are arguably some of our most influential spokespersons and each event should become a memory that they share fondly with friends and family over time. This will be achieved by remaining mindful of the spectator experience and encouraging affinity to the brand.

The department will continue to build on this positive sentiment by communicating proactively with all stakeholder, dealing with any issues that arise in a transparent manner and highlighting the eventing activity at the stadium and the excitement that it brings to Cape Town. This will be achieved through the use of "owned" platforms and public relations campaigns.

- **Enhancing the event organiser and spectator experience**

The website is earmarked for a much needed refresh in the latter part of the 2023/24 financial year. The redesign of the website will see the site becoming more transactional with greater on-line support for event organisers and spectators.

Other "owned" platforms that will be used to enhance the spectator experience will include the use of QR codes for various services and/or information dissemination.

While each event hosted has its unique attributes, spectators learn a pattern to their behaviour when they visit the stadium.

This pattern increases the familiarity of the stadium to the spectator – they learn where the bathrooms are, which kiosks sell what they wish to eat and where best to meet their friends and family. The ME will aim to achieve greater standardisation in the core service offering of the stadium in order to enhance the spectator experience. While the standardisation of certain services enhances the spectator experience, it also allows the event organiser to focus on those areas that will make their event unique to the spectator.

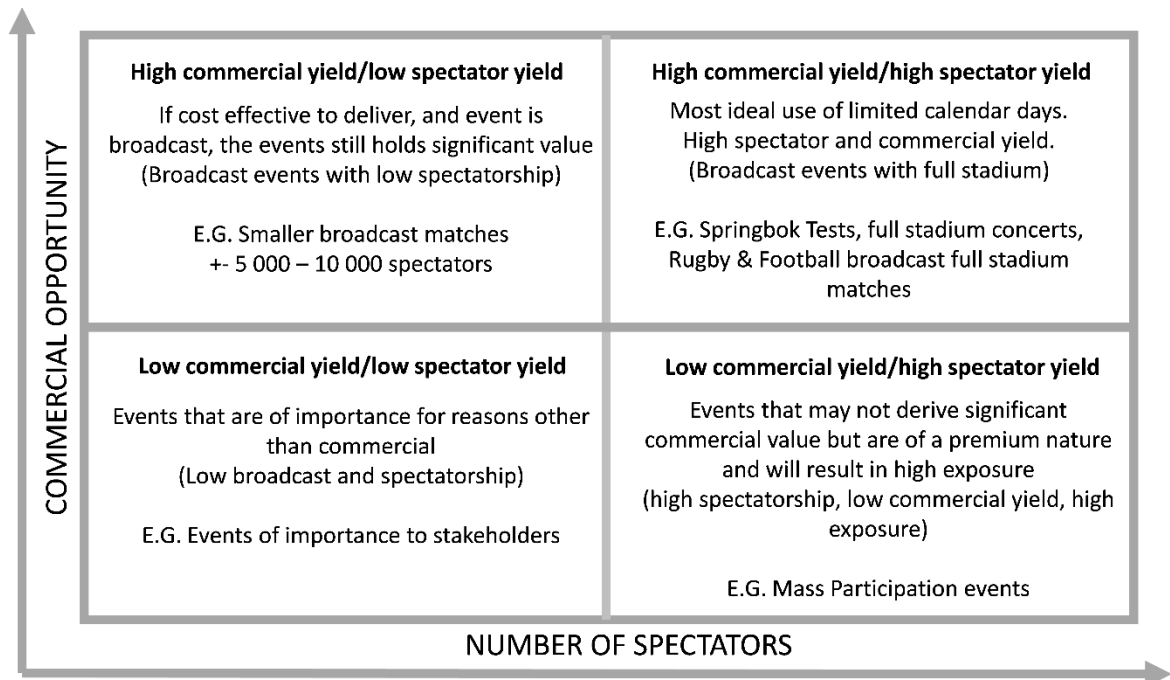
- **Engage with the international community**

There is no doubt that fostering relations with other stadia around the world will assist us in benchmarking our services against international standards. To this end, the ME intends to engage with the international events and stadia community in order to foster relations with stadia that have a similar vision to that of the DHL Stadium. The key differentiator in the multi-purpose nature of the DHL Stadium and how this translates to having a variety of tenants and users.

The ME intends to market and promote itself internationally at key events and network with event organiser, tournament rights holders and promoters that could potentially bring events to DHL Stadium. This objective is a shared objective with the City of Cape Town and one that we will dovetail with the broader strategy of the City of Cape Town.

- **850 000 spectators by 2024/25**

By running public relations campaigns and utilising our “owned” platforms, assist in the marketing and promotions of the DHL Stadium both locally and international with the intention of increasing the overall spectator footfall to 850 000 in the 2024/25 financial year. In order to achieve this objective, the ME will collaborate with event organiser in their promotion campaigns to drive spectators to events. While the number of events the ME hosts is still used as a marker of performance in the SDBIP, the number of spectators hosted in any given year has also been included in the SDBIP for measurement. This is because there is a direct correlation between the commercial opportunity and number of spectators at any event – the greater the number of spectators, the greater the commercial opportunity. The DHL Stadium is purpose built to host 58 000 spectators per event. The greater the number of spectators, the more cost efficient the stadium is per spectator. This is particularly noticeable for events that have an attendance of less than 10 000 spectators where it becomes very difficult for the stadium and event organisers to find a commercially sustainable model. This target marketing has set itself is slightly higher than the SDBIP target, giving a “stretch target” to the business.



- **Build positive relationships with stakeholders**

Since the establishment of the ME in 2018 and more recently the commercial efforts that have been made in the latter years, the business of the ME has changed significantly with a far busier event calendar and in turn a positive reduction in grant funding and the burden on the rate payer,

Now that the ME has an agency in place to assist with public relations campaigns, in 2024/25 the department will focus on communicating these positive stories and proactively engaging with stakeholders.

The ME will conduct an economic impact assessment on the 2022/23 financial year in order to demonstrate the value derived from events hosted at DHL Stadium.

We will continue to acknowledge our stakeholders including the City of Cape Town, the ratepayers in the surrounding areas, the broader Cape Town community as well as our partners and service providers. We will look to being considerate of their needs while providing meaningful opportunities and feedback over time.

- **Marketing & Promotion campaigns**

As our product portfolio has grown, so has the need for the development of marketing and sales collateral. In the new financial year our product offering will be segmented and marketing collateral and messaging will be developed for each product.

With the appointment of our marketing agency, Octagon in the prior year, the ME is now in a position to run promotional, marketing and public relations campaigns. These campaigns will make use of our “owned” media as well as public relations opportunities based on stories that are of interest to the general public.

CTS will also produce a greater range of marketing collateral. This marketing collateral will support a series of marketing campaigns that will run at various times throughout the year to support the sale of:

- Conferences, expo's, film shoots and other non-bowl events;
- Business Lounge memberships;
- Hospitality packages;
- Stadium Tours;
- Advertising inventory.

The Marketing Department will also produce marketing collateral and public relations initiatives to support the strategy of engaging with the international market, ensuring the positioning of the DHL Stadium is aligned to that of a world class stadium.

As the ME evolves commercially, the marketing focus has shifted from creating awareness to the promotion of products and services. It is anticipated that this trend will continue through the new financial year.

- **Naming Rights**

The naming rights contract commenced in July 2021 and the stadium has now been called DHL Stadium for 3 years. In the 2022/23 financial year, Nielsen Sport was contracted to value the naming rights package and the value derived was well in excess of the rights fee attributed to the same year, indicating value has been created in the first few years of the relationship.

The adoption of the stadium name by the media is generally stronger, however the ME will continue to reinforce the correct usage of the stadium name in the next financial year.

It is anticipated that the value of the naming rights will continue to grow steadily, with the relationship now well established.

Renewal discussions will be concluded in the 2024/25 financial year, with the current naming rights contract terminating in June 2025.

- **Commercial event overlay**

The commercial service providers who deliver event day services include liquor distribution services, hospitality services, public food and beverage concessions, product suppliers and pouring rights partners. These service providers play a crucial role in our event day spectator experience and the level of service they provide is monitored tightly. Due to the nature of the DHL Stadium being a multi-purpose venue, it is imperative that these services are delivered by the stadium management for the use of a variety of different event organisers and tournament rights holders.

In the 2023/24 financial year the ME retendered for all commercial service providers and will start the 2024/25 financial year with these commercial service providers in place.

Given that this is the second time the ME is appointing these service providers, consideration was given to lessons learnt in the implementation of the previous tenders and these have been incorporated into the second set of tenders advertised.

The commercial event overlay is now well established, with all financial and 3rd party reporting implemented. Over the next financial year we will look to refining the process in order to enhance the spectator experience and ensure our services relevant and pricing market related.

- **Anchor Tenant & Event Organiser relations**

In January 2023 the Anchor Tenant and Suite Concession agreements were signed between the City of Cape Town, Western Province Professional Rugby (WPPR), Western Province Union and the Cape Town Stadium (RF) SOC Ltd.

The first year of the 99 year period has concluded, settling into a productive, collaborative and mutually beneficial relationship between parties. It is envisaged that synergies will develop and grow over the coming years, built on a solid foundation of a shared vision and mutual respect. The ME acknowledges the importance of a “winning team” to all parties and will work with WP Rugby to provide the best possible support for the professional team within the ambit of the Anchor Tenant agreement framework.

CTS will continue to foster relations with event organisers with the primary focus being events that can offer the greatest number of spectators. This relates directly to our target markets and in turn our objective of securing 1 million spectators in the 2024/25 financial year.

Focus will also be given to building relationship that will generate repeat business – with the intention of building a 5-year events calendar that incorporates tradition. The secondary focus remains on broadcast events that will in turn build value for advertisers and partners of the stadium.

DHL Stadium is a multi-purpose stadium catering for sports, concerts and other recreational events. This market position will be reinforced in future years.

- **Property Development and Management**

With the anchor tenancy of Western Province Rugby now established and the award of the development tender for the Granger Bay development site, the ME is now in a position to develop a business plan for the commercialisation of the property within the greater stadium precinct.

While the development of this plan will primarily be driven by the operations and technical team due to the initial phases of the plan requiring a significant portion technical skills, the marketing and commercial department will provide input with regards to commercial viability and service offering as well as management models in order to achieve a final product mix that is complimentary to existing commercial initiatives.

It is envisaged that the viability study of the stadium precinct and development thereof will be completed in the 2024/25 financial year, with plans being implemented in the outer years. Part of the plan will focus on funding options and how best to capitalise on returns.

6.2 OPERATIONS & TECHNICAL DEPARTMENT

Mandate

The Operations Department has four main areas of responsibility:

- Maintenance and preservation of the asset;
- Technical operations of the stadium and event support;
- Event attraction, planning and hosting;
- Property development and management.

The department is responsible for the “day to day” running of the stadium, as well as the execution of the short and long term maintenance plan that will ensure the upkeep of the stadium to a standard that is world-class and meets the requirements of both local and international participation agreements.

The department offers a comprehensive service offering to event organisers including the booking, planning and hosting of all bowl and non-bowl events hosted at DHL Stadium.

The department supports the service delivery mandate through the implementation of board-approved strategies/policies namely:

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

While the department is custodian of all events hosted at the DHL Stadium, the role of the broader team and the importance of integration between departments is acknowledged through the Integrated Events Strategy. The implementation of this strategy ensures that the core business of eventing is foremost in each department, in turn offering a seamless service delivery across events, technical marketing, commercial, finance and support services.

Strategic Objectives 2024/25 – 2028/29

The department has set the following strategic objectives:

Event hosting

- Assist, and together with the senior management team, negotiate and secure a robust calendar of events including bowl non-bowl events such as film shoots, conferences, trade shows and other bespoke events;
- client management of all event organisers, providing strategic and operational support for the delivery of all events;
- implementing environmental management systems; and
- ensuring all events hosted are compliant with all relevant legislative requirements including those of a venue as defined by the Safety at Sports and Recreation Events Act, 2010 (SASREA).

Asset maintenance and preservation

- the maintenance, management and preservation of the DHL Stadium, ensuring that it remains a world class multi-purpose facility that is capable of attracting and hosting international and domestic showcase events.

Technical operations

- timeous appointment and optimal management of technical service providers including safety, security, cleaning, information technology and other maintenance contractors; and
- supporting the technical delivery of all events hosted at the stadium to a world-class standard.

Property Development and Management

- with the assistance of the commercial department, plan and evolve strategies that identify areas where efficiencies can be realised in the stadium super structure, with the aim of reducing expenditure over time. A particular focus will be placed on energy and other utility service efficiencies;
- plan and evolve strategies for the best use of the stadium precinct to evolve revenue opportunities within the municipal entity footprint;
- plan and evolve property management skills to play a role in the broader City managed precinct where our existing skills could be utilised; and
- work closely with the City of Cape Town Engineering Department to ensure all planning is in line with the legislative framework and financially viable.

The department ensures an integrated approach towards the implementation of objectives through:

- management of the Integrated Events Forum that ensures all departments collaborate to offer the best service and solutions to our clients and spectators;
- application of project management principles and processes;
- development of operational plans and guidelines for each event hosted; and
- monitoring and tracking of outputs to ensure accurate reporting; and
- monitoring and Implementation of contract and lease management obligations together with SCM.

Departmental Plans 2024/25

- **Event hosting**

In January 2023 the Anchor Tenant Agreement was officially signed with WP Rugby. The first year of the 99 year lease period has been a success, with strong working relationship between ME and WP Rugby.

The 2024/25 financial year promises to be a busy calendar of bowl events with the DHL Stadium remaining a multi-purpose stadium with rugby, soccer and concerts planned for the upcoming year.

With the bowl events calendar for the next financial year already committed, the ME will focus its attention on future year events by developing a 5-year outlook to events and actively canvassing both locally and internationally for events.

Activity	Number	Timing
Rugby – Currie Cup	4-7	July 24– August 24
Rugby – United Rugby Championship	11-15	August 24 – June 24
Rugby – Springbok/New Zealand Test	1	September 24
Soccer – Premier Soccer League	10 - 15	May 24 – February 25
Concerts – various promoters	4-5	Summer months
Estimated number of bowl events	30 - 43	

With the bowl events well established, the planning for non-bowl events in the form of exhibitions, conferences and trade shows can now be aligned to the bowl events calendar. This alignment allows for the best timing and use of space for non-bowl events.

Many processes that support the business remain manual. It is the intention, through the redesign of the web site, to automate many of the processes for Event Organisers. This will be particularly relevant to the manner in which the ME shares documents and diagrams which are large and cumbersome.

As the ME's processes move towards automation, we will remain mindful of the importance of being “user friendly” with the aim of creating simpler, more effective information transfer.

- **Integrated Events Forum**

The Integrated Events Forum (IEF) offers a platform that facilitates the implementation of the Integrated Events Strategy (IES). This forum meets monthly and comprises of senior managers and other staff who are key role players in the delivery of events. The meeting acts as a point of reference for all planning and implementation with regards to events including legal, finance, marketing, technical and operations.

The objective of the forum is to ensure the business is seen as a seamless entity by Event Organisers and others who we engage with in the market place. This meeting enables us to focus on all processes implemented and to make changes where efficiencies can be realised.

It also ensures that each department in the organisation is involved in the planning and delivery of events, and are able to offer input with regards to their area of expertise.

The IEF was formed in the previous financial year and clear benefits can be seen from the implementation of the IES. With a strong inter departmental understanding now formed, it is anticipated that in the next year this forum will begin to influence process to improve our service delivery standards.

- **Broadening services to Event Organisers**

With the development of standardised event delivery models in the prior financial year, the department will evolve on these models to offer add-on services to Event Organisers in future years. The primary reason for doing so is to ensure that the service delivery mechanisms are standardised at the stadium. This allows consumers to develop an understanding and familiarity with the basic services offered while enabling the Event Organiser to customise or enhance these services to create unique experiences.

These “add on” services will be piloted in the upcoming financial year, with the aim to commercialise them in the future years.

- **Property Development and Management**

In line with the objective of diversifying revenue streams, the department has begun initial investigations into developing a commercial zone within the precinct for shop fronts and restaurants. With the super structure already existing, the intention is to build within the super structure thus reducing the overall cost of development.

This plan is in concept phase and aligns to the current plans in place for the development of the Granger Bay site.

In the next year these plans will be formalised into a business plan which will include the cost of development and expected return.

The need for engineering skills has been identified within the department and these skills will be secured in the new financial year, enabling the ME to increase their skills and knowledge base in the areas of property development and property management. This change to the organigram will enable the formation of a structure within the existing department that will enable the ME to offer its skills and capabilities in property management to the City and other role players in the immediate areas that surround the stadium precinct.

- **Maintaining the asset**

Core to the business of CTS is ensuring that the asset that is DHL Stadium is maintained to that of a world-class facility and that the facility meets the requirement of international rights holder participation agreements.

With the pitch being replaced successfully in the prior financial year, management will focus on electronic equipment and enablers with the aim of modernising the stadiums electronic infrastructure in future years. The first steps to this will be to begin the process of converting the office lighting to LED's and thereafter the floodlights. This process also aligns to the environmental sustainability objectives of the ME.

The stadium is now 13 years old. In order to remain a "world class" venue, it is important that technology and associated solutions remain in line with international best practice. This will also allow for the enhancement of operational efficiencies. Areas that we will focus on will include PA system, big screens, fire systems, IT back-end infrastructure and WIFI.

The connectivity in the bowl remains a challenge when capacity is in excess of 15 000 spectators and this will remain a priority to resolve as it is only with strong connectivity that the stadium will be in a position to look at on-line payments and other electronic solutions for spectators.

The department fulfils the mandate within the Service Level Agreement signed between the ME and the City of Cape Town by completing a programme of preventative, corrective, reactive and emergency maintenance. This rigorous programme is updated on a yearly basis and aligns to various warranty and cleaning requirements for the stadium superstructure and facilities. The capital budget has also been updated for the next 5 years in order to take into account the future replacement and refurbishment requirements of the stadium.

This maintenance plan will be presented to the Board of Directors on a quarterly basis who will be in a position to track actual maintenance conducted against the planned maintenance.

The current pitch servicing equipment is 15 years old and the ME will look to planning for the replacement of certain pitch maintenance machinery in the future years as the cost of maintaining the existing equipment is losing efficiencies.

In the prior financial year the direct costs of hosting events were reported on as a direct cost to the event. In the upcoming year the cost of maintenance programme of the facility will be separated out from the general “day to day” cleaning and maintenance of the facility. This will provide a clear indication of cost allocation between event delivery, general “day to day” cleaning/maintenance and the yearly maintenance programme conducted in order to achieve 100% compliance in preventative maintenance of the stadium.

- **Cost of power**

The most challenging expense to manage over the last financial year has been the cost of power – electricity and diesel. With the continued implementation of load shedding by National Government, the stadium is obliged to switch to generators and make use of diesel to power the stadium.

A plan has been devised to make the electricity usage of the stadium more economical. This plan is devised in three phases:

Phase 1: Replacing all halogen globes in stadium with LED lights

Phase 2: Replacing the halogen floodlights with LED lights

Phase 3: Converting the stadium to solar power with the potential of feeding back into the grid. This will be achieved by utilising the stadium roof as a “solar farm”

Phase 1 of this project will be implemented in the upcoming financial year with phase 2 following in the next financial year, subject to capital funding being secured via the City of Cape Town as all capital expenditure forms part of the maintenance plan for the City owned asset. Phase 3 will be investigated further in the upcoming financial year.

While the aforementioned projects will reduce the overall consumption of power, the cost of electricity is also subject to City tariffs, which, depending on the time of year or monthly usage, will change the tariff prescribed to the stadium. The use of generators in certain time periods does reduce the tariff and provide an overall benefit in cost. These scenario's, together with the cost of power for the general running of the stadium vs events will also be unpacked to develop a better understanding of cost drivers.

- **Health and safety**

CTS will continue to achieve 100% compliance for all health and safety management programmes at DHL Stadium. DHL Stadium is the only sports and recreation stadium in the Western Cape that is categorised to host high risk events. The ME reports on health and safety protocols and findings to the Board of Directors on a quarterly basis.

- **Environment sustainability**

CTS will continue its commitment to deliver on its mandated event environmental sustainability objectives. This will be achieved through collaborating with event organisers to reduce the carbon footprint, reduce waste to landfills and implement recycling and waste segregation initiatives. While this initiative remains consistent with the prior year strategy, the ME will move towards measuring and reporting on progress in the New Year.

The ME will also focus on utility services, with an aim to increase efficiency and reduce cost across water, diesel and electricity usage. These expenses contribute to approximately 17% of the overall expenditure incurred by the ME.

- **Business Continuity**

The department will continue to assess the business requirements for business continuity and conduct the necessary testing on a 2 year cycle. This forms part of the overall risk management process with the plan being updated as required.

6.3 INTERNAL COMPANY SERVICES

Mandate

The mandate of the Internal Company Services Department is to coordinate and manage internal corporate services which include human resources, administration, legal and company secretary functions to ensure the provision of efficient and effective services to the organisation that assist in achieving the overall business objectives.

The department is also responsible for ensuring the quality of reporting on the above areas of responsibility are compliant and meaningful, while adhering to reporting deadlines of the Municipal Entity.

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

- Succession Plan
- Authority Framework Policy
- Code of Ethics Policy
- Entertainment Policy
- Reboot Policy
- Suite Policy
- Business Travel Policy

Strategic Objectives 2024/25 – 2028/29

The department has set the following strategic objectives:

Human Resources

- promote an environment that will optimise the potential of its human capital through skills development and training;
- manage all staff related processes including the IPM process other “day to day” staff matters in relation to the staff policy;
- identify and provide staff interventions as required with the objective of maintaining a highly motivated staff contingent; and
- facilitate the recruitment process in order to ensure optimum functionality in the board approved organisational structure (Annexure A).

Administration

- provide the necessary administrative support to the organisation to ensure that the reporting framework is implemented timeously;
- ensure that reporting provides meaningful information that can be used by the organisation in its decision making processes;
- respond to the needs of the organisation, proactively identifying areas of reporting; and
- ensure that all relevant records (legal, HR, administration) and documents are filed according to the applicable archiving policy requirements.

Legal

- secure and facilitate the utilisation of all external legal resources either through CTS service provider or the City;
- record keeping of all legal work instructed and ensuring the tracking of deliverables;
- maintaining contract register and filing of all contracts signed for venue rentals and associated contracts;
- containing costs and ensuring legal resources are utilised efficiently through accurate briefing and record keeping.

Company Secretary

- secure, facilitate and manage the services of the company secretary functions to ensure that the Board of Directors are satisfied with the quality and accuracy of work;
- ensure timeous engagement with the company secretary to plan and execute the company secretarial functions;
- Identify areas for improvement and take corrective actions where required; and

- Provide quarterly feedback to the Board of Directors on the service provision of the company secretary.

CSI

- develop a policy to govern CSI initiatives;
- educate organisation on the policy and implement;
- manage the implementation of the policy.

Department Plans 2024/25

• Human Resource management

The organisational structure has been reviewed to re-align to the business needs for the future years. The revised organisational structure has been approved by the board of directors and is attached (Annexure A).

The revised organogram will be implemented over time, as and when financial resource and operational requirements are available to support the implementation of the revised staffing plan. It is anticipated that the plan will be implemented over a three year period.

The Individual Performance Management (IPM) process will be implemented and will inform the Personal Development Plans (PDP's) of each staff member. This in turn will inform the training plan of the ME. The training plan will align to the budget and is measured as part of the Service Delivery and Budget Implementation Plan (SDBIP).

While the majority of the current staff are seconded to the ME via the City of Cape Town, it is anticipated that, over the next 3 years, a plan will be developed to begin employing new staff directly in the ME. Currently the CEO and CFO are employed directly by the ME.

All human resource functions are managed by the department, through the assistance of the City of Cape Town for specialist processes such as payroll, recruitment and performance management. During the next three years consideration will be given to in-housing certain of these skills. All staff are governed by the City of Cape Town Human Resource Policy.

• Administration

The department will manage the process of all report submissions to ensure compliance and timeous delivery to meet statutory compliance. The department will also ensure that the ME's recordkeeping is accurate and in accordance with legislative record keeping principles.

The department will continue to manage and provide ongoing administrative support to the organisation through:

- Management of all administrative processes as required by the City of Cape Town and/or the Board of Directors including the SDBIP, risk register process, combined assurance process, PIMS;

- ensure timeous reviewing and updating of CTS policies by management in order to submit to the Board of Directors for approval as and when required;
- manage and implement POPIA;
- ensure contractual rental and client agreements are reviewed on a regular basis to remain legally compliant and align to CTS business process and maintaining record thereof; and
- coordinating and consolidating requests and information requirements between the City and the ME for services that fall within the Service Delivery Agreement between the City and the ME including all staff related matters and legal requests.

It is anticipated that certain processes will change to align to the ME beginning the process of becoming more independent over the next three years. These changes will be taken into account by the department and policy and process will be updated accordingly and as required.

- **Company secretary**

Kilgetty Statutory Services (South Africa) (Pty) Ltd was appointed to perform the company secretary function on 1 July 2021 and were reappointed on the 1 August 2023 following a successful tender award after their initial term ended in June 23. The department is responsible for the daily management of the company secretary and ensuring that their scope of work is accurate and timeously provided.

The company secretary provides the Human Resource, Social and Ethics Sub Committee of the Board of Directors with a legislative update at each meeting.

The department is responsible for ensuring the annual meeting calendar is developed and all documentation presented to the Board of Directors is correct. The service provider is evaluated each quarter and feedback is provided to the Board.

- **Legal**

All legal service contracting is managed by the department, who in turn is responsible for ensuring due process is followed for all legal briefs and appointments.

The department ensures that all venue rental agreements are correct and signed ahead of any event taking place at the DHL Stadium. If any form of waiver or discount has been agreed to, this is recorded together with the contract. The current rental agreements of the ME take into account all 3rd party obligations and should this framework change, the agreements will be updated to include any new terms required.

In the 2023/24 financial year the ME prepared a tender for legal services with the objective of securing their own legal counsel.

This would allow the ME to either use their own counsel or the City of Cape Town, depending on the nature of the issue at hand.

This tender will be advertised with the objective of securing a legal service provider for the 2024/25 financial year.

6.4 FINANCE

Mandate

The mandate of the Finance Department is to manage all financial transactions and contracting of the ME, ensuring that a “clean audit” is achieved each year and that due process is followed throughout the organisation with regards to finance transactions and contracts.

The department has two main areas of responsibility:

- financial management; and
- supply chain & contract management

In the last year the implementation of the ME's stand-alone accounting system has resulted in business analysis and reporting that has become an important tool to the business. As the ME evolves over the next few years these gains will increase and allow for sound decision making for the future based on the financial history of CTS.

The department supports the service delivery mandate through the implementation of board approved strategies/policies namely:

- Supply Chain Management Policy;
- Preferential Procurement Policy;
- Cost Containment Policy;
- Director's Remuneration Policy;
- Petty Cash Policy;
- Virement Policy;
- Credit Control & Debt Policy;
- Gift Policy; and
- Risk Management Policy.

Strategic Objectives 2024/25 – 2028/29

The department has set the following strategic objectives:

Finance

- achieve 100% asset verification;
- obtain a “clean audit” and implementing all systems and controls that enable this;
- provide day to day financial insight to all departments;

- provide analysis of the financial information to inform the business strategy;
- develop policy and process that support the needs of the business;
- compliant financial reporting in terms of National Treasury financial reports and the MFMA; and
- support new areas of business including commercial objectives by providing financial reconciliations and reporting.

Supply Chain Management (SCM)

- oversee the tender process for all new tenders initiated;
- host Bid Adjudication Committee meetings and document proceedings; and
- ensure the awarding of tenders in line with the supply chain management process; and
- Proactively assess the future needs of the business in order to manage the supply chain process to meet these needs.

Contract Management

- ensure the ME is compliant in the SCM contract management process;
- ensure documentation is stored electronically and in hard copy for each contract as required by the MFMA; and
- ensure monthly monitoring of contract deliverables is actioned by the organisation and corrective action is taken if required.

Department Plans 2024/25

• Financial Reporting

Currently all commercial revenues are accounted for in SAGE, CTS own accounting system. This process was successfully initiated in the prior financial year post the acquisition of a stand-alone finance system for the ME.

Over the next period, the intention is to increase the transactions that are accounted for in SAGE as this enables far better reporting that in turn will aid the business in making decisions based on financial analysis of various business opportunities.

The first step to this process will be to process the venue rentals and associated direct expenses through SAGE. This will enable the ME to calculate the margin achieved off each event and in turn identify opportunities to increase revenue efficiency. It will also enable benchmarking of event margins through a thorough understanding of cost drivers. This enables decision making through sound financial information that is relevant to the business.

The progress of this exercise will be dependent on:

- Financing of organogram;
- Staff capabilities;
- Technology capacities; and

- Policy and standard operating procedure framework.

It is intended that this process will commence in the 2024/25 FY and will continue to evolve in the outer years.

- **Clean Audit**

With the ME achieving a “clean” audit again in the 2022/23 financial year, the track record of achieving “clean” audits since the establishment of the ME in 2018 remains intact. While the ME sets the objective of achieving financial sustainability over time, we remain mindful of the importance of sound governance, policy and process. We intend to continue this achievement and will strive to achieve a clean audit for the 2023/24 financial year, as achieved in all prior years.

The department will also facilitate the external audit with the Auditor- General.

CTS will proactively make use of the internal audit process to identify areas of risk and seek guidance on the processes in place and how these can be improved. The department will also manage internal audit process with the internal auditors.

- **Budgets and forecasts**

With historical data now available for the first year of trading post COVID19, the future budgets are now able to use this data to accurately anticipate what we can expect to generate from the hosting of bowl and non-bowl events.

We have also been able to anticipate secondary revenues such as those generated from the commercial event overlay and rights fees. This has enabled us to understand what events provide the best return on investment and in turn influence our strategy to focus on acquiring events with an spectator attendance of 10 000 or greater.

The department is now able to provide information that supports the budgeting and forecasting process, leading to more accurate predictions of revenue. Over the years the ME has shown a steady growth in revenue and in turn a reduction in grant funding from the City of Cape Town. We are now in a position to analyse this revenue and carry learnings into future year's budgets.

From an expense control perspective, the ME will continue to seek efficiencies and savings in operating expenses while being mindful of our obligations as outlined in our Service Delivery Agreement which require a rigid maintenance programme is conducted each year to ensure the stadium is maintained to an acceptable standard.

During the 2024/25 financial year the department intends to undertake quarterly reviews of all income and expenditure in order to inform the business of trends. The department will also review all financial records on an ongoing basis to ensure our operating environment controls remain aligned to the business needs.

- **Financial policies and standard operating procedures**

The department will continue to ensure financial compliance with the MFMA. The following policies have been updated or developed during the prior financial year:

- Supply Chain management policy;
- Petty cash policy; and
- Credit control and debt collection policy.

The financial functions have become an integral agenda item to the Integrated Events Strategy implementation. This alignment has resulted in improved processes with regards to contracting and invoicing of event organisers, with the development of a process that will see contracts signed well in advance of major events. This has been possible through the organisation developing an understanding of the role of finance and how best the ME can reduce its financial risk through process.

The department has developed guidelines and a framework that is aligned to the standard operating procedures of the business. These guidelines will assist the user departments in ensuring sufficient internal controls are in place and will be updated as required by the business.

- **Supply chain management**

The ME has existing policies in place with regards to supply chain management that ensures there are sufficient internal controls and governance in this area.

The City of Cape Town provides administrative supply chain management support to the ME as part of the service delivery agreement between the parties. In the prior year, the ME appointed its own supply chain management practitioner and established its own Bid structures and committees. The ME now run its own Bid Adjudication Committee. Over the next three years the SCM resource will be in housed and CTS will manage the SCM process in full.

23 tenders (11 operational tenders and 12 commercial tenders) were advertised in the prior year and all service providers will be in place by the commencement of the new financial year.

The ME has also commenced the process of advertising for legal services, stationery and B-BBEE Verification. The ME is also current in the process of drafting a tender for the appointment of a B-BBEE rating agency in order to secure certification in this regard.

The ME has successfully appointed its own supply chain management practitioner to ensure the development and implementation of the organisation's Supply Chain Management policy, systems and processes; whereby the supply chain management function is managed wholly by CTS.

The Bid Adjudication Committee (BAC) and Chief Executive Officer awarded a total of 11 tenders in the 2022/23 financial year. These BAC's are formed under the CTS procurement policy and in turn made up of CTS staff members.

Contract management

The department has an existing process with regards to contract management and document storage for both supply chain management and the ongoing management of any contracts awarded to successful bidders.

As the department gains resource and is able to increase its scope of work, the contract management system will evolve to an electronic system that is automated. This will require the purchasing of additional SAGE accounting models to complement the existing financial system.

An update on the service provider performance as measured in the contract management system is provided to the board of directors and the relevant sub committees on a quarterly basis. This process will continue in the future financial years.

7. CTS BUDGET AND FINANCIAL PROJECTIONS

The ME's medium to long term objective is to be financially sustainable through the commercialization of the stadium. The ME has managed its second full year of trade post the implementation of the commercial overlay model and the data has proven that revenue from event income will not be sufficient to financially sustain the maintenance and running costs of the stadium.

Another significant area in becoming financially sustainable is managing and reducing costs with the focus of savings on electricity. The ME has already commenced with a capital project for energy savings which will result in significant savings on electricity in the future years.

Management has also broadened its focus to diversify the revenue streams of the ME with a particular focus on property development and management in the upcoming years. Both the stadium precinct and the broader surrounding areas offer opportunity for property development and the skills of the ME to be utilized more broadly in the surrounding areas. These plans will be developed in the next year, with the intention of providing additional revenue in the outer years.

With the ME having traded for a two full year's post-Covid, the budgets have been prepared to offer a realistic projection of revenue, while maintaining a prudent approach to cost containment.

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

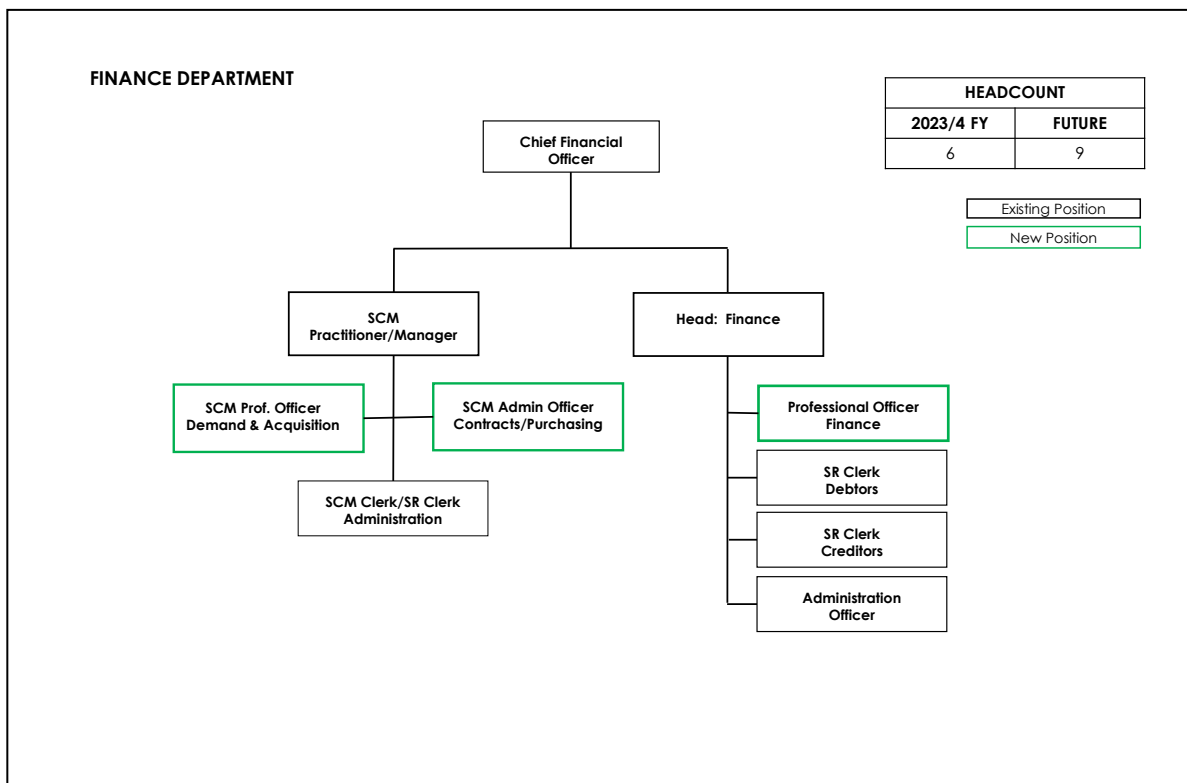
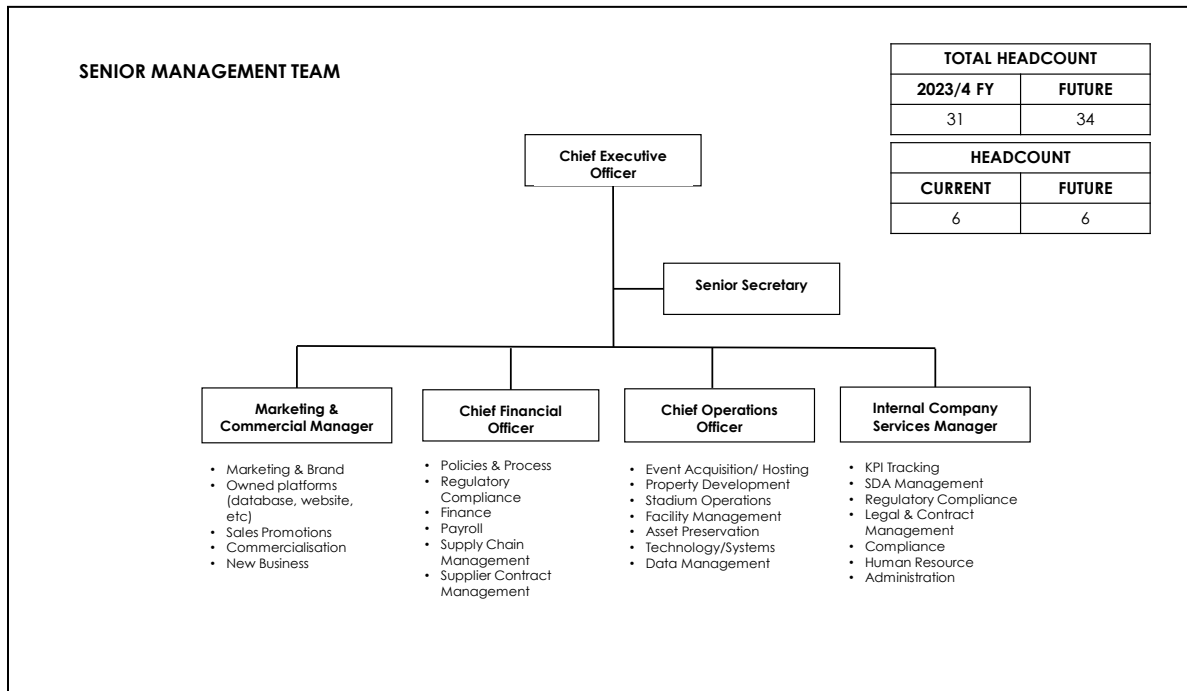
- The previously identified internal stadium commercial revenue opportunities;
- The new additional revenue streams occasioned by the establishment of the more commercially flexible governance and management vehicle to operate the stadium;
- The phased implementation of the historically identified and new commercial revenue opportunities;
- Historical expenditure and revenue trends;
- A focus on cost-saving initiatives within the internal operating environment;
- The impact of inflation; and
- City budget guidelines.

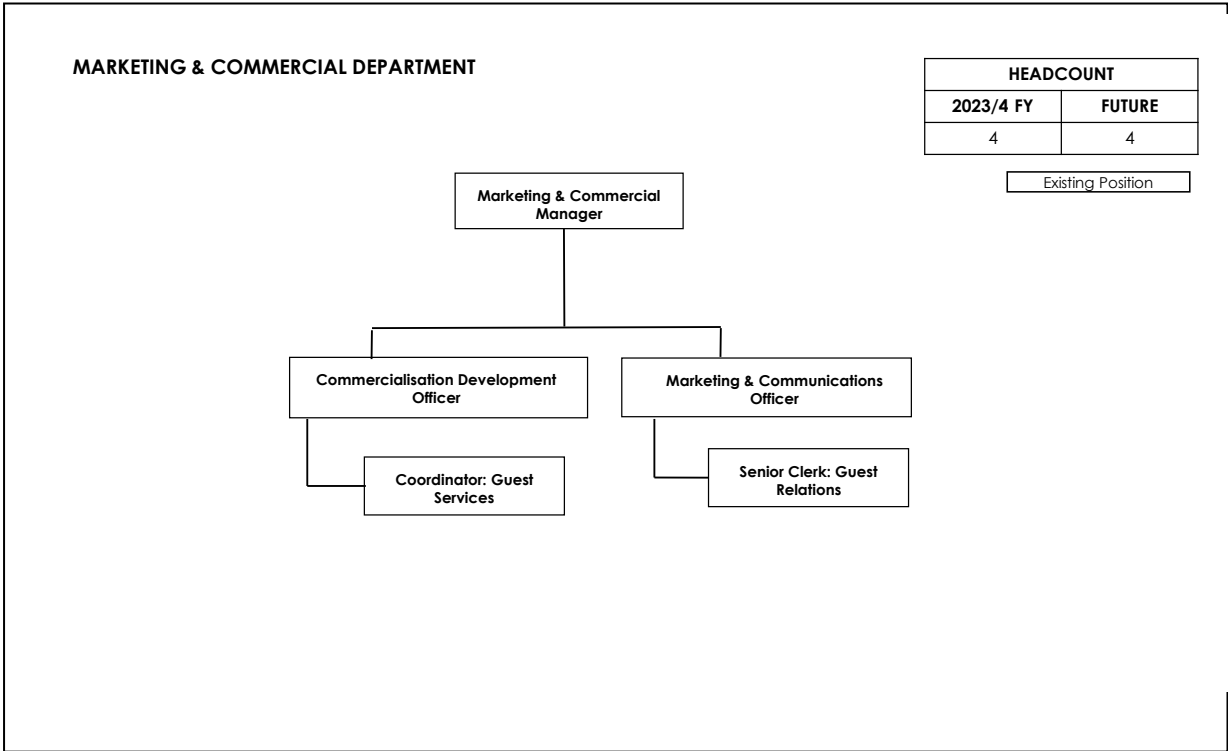
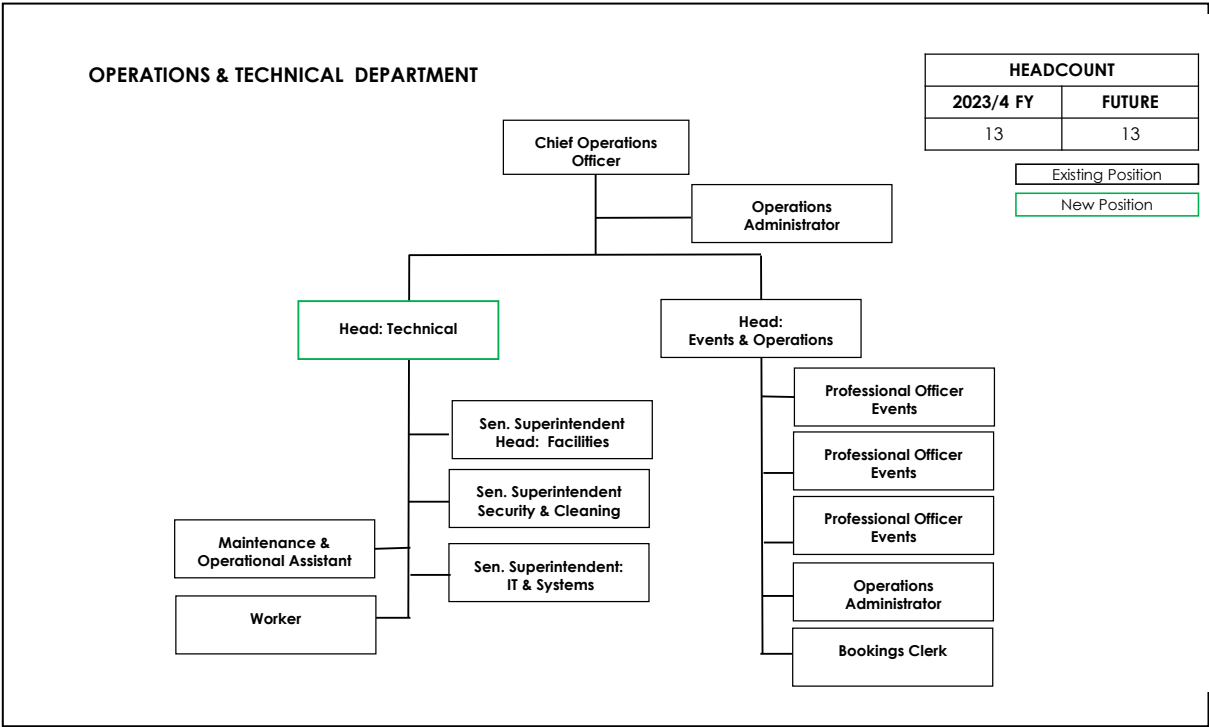
Budgeted expenditure of R 113 million against budgeted own revenue of R 69million which excludes the grant funding has been forecasted for 2024/25 financial year.

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

Annexure A: Organisational Structure

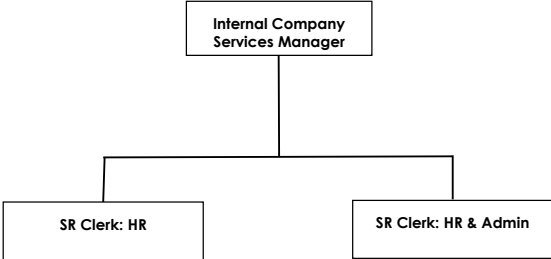
The organisational structure has been revised to reflect the intended plans for the ME to develop greater independence from the City of Cape Town. The staffing plan is subject to securing the necessary funds, and the revised organogram will be implemented in line with business needs over the next three years.





INTERNAL COMPANY SERVICES DEPARTMENT

HEADCOUNT	
2023/4 FY	FUTURE
2	2
Existing Position	



Annexure B: Service Delivery Budget Implementation Plan

CAPE TOWN STADIUM (RF) SOC LIMITED: KEY PERFORMANCE INDICATORS (SDBIP) 2024/5 - 2028/9														
NO.	ALIGNMENT TO IDP				MEASURING DEPARTMENT	INDICATOR	BASELINE (2021/2022)	ACTUAL (2022/2023)	FORECAST (2023/2024)	ANNUAL TARGET 2024/5	ANNUAL TARGET 2025/6	ANNUAL TARGET 2026/7	ANNUAL TARGET 2027/8	ANNUAL TARGET 2028/9
	FOUNDATION (STRATEGIC FOCUS)	PRIORITY (OBJECTIVE)	IDP PROGRAMME											
1	A capable and collaborative City Government	16. A capable and collaborative City Government	16.1. Operational Sustainability Programme	Sustainable Entities	CTS Finance	Achievemnet of own projected income (%)	119%	88%	70%	90%	90%	90%	90%	90%
2	A capable and collaborative City Government	16. A capable and collaborative City Government	16.1 Operational Sustainability Programme	Sustainable Entities	CTS Finance	Opinion of the Auditor General	Clean Audit	Clean Audit	Clean Audit	Clean Audit	Clean Audit	Clean Audit	Clean Audit	Clean Audit
3	Public Space, Environment and Amenities	11. Quality and safe parks and recreation facilities supported by community partnerships	11.1. Quality Social Facilities Programme	Major event hosting facilities and manitenance initiatives	CTS Operations	Compliance with approved repairs and maintenance programme (%)	100%	100%	100%	100%	100%	100%	100%	100%
4	Public Space, Environment and Amenities	11. Quality and safe parks and recreation facilities supported by community partnerships	11.1. Quality Social Facilities Programme	Major event hosting facilities and manitenance initiatives	CTS Operations	Compliance with Occupational Health & Safety Acts and Regulations (Act 85 of 1993) (%)	100%	100%	100%	100%	100%	100%	100%	100%
5	Inclusive Economic Growth	1. Increase jobs and investment within the Cape Town economy	1.3. Inclusive economic development and growth	Major event hosting facilities and manitenance initiatives	CTS Operations	Spectator attendance at DHL Stadium (number)	226 996	993 627	750 000	850 000	950 000	1 000 000	950 000	1 050 000
6	Public Space, Environment and Amenities	1. Increase jobs and investment within the Cape Town economy	1.3. Inclusive economic development and growth	Major event hosting facilities and manitenance initiatives	CTS Operations	Events hosted at DHL Stadium (Number)	145	135	135	135	135	135	135	135
7	A capable and collaborative City Government	16. A capable and collaborative City Government	16.2. Modernised and adaptive government	Investment and partnership developmnet programme	CCT Corporate Services	Budget spend on implementation of WSP budget spend (%)	New	141%	90%	90%	90%	90%	90%	90%
8	A capable and collaborative City Government	16. A capable and collaborative City Government	16.2. Modernised and adaptive government	Modernised and adaptive government programme	CCT Corporate Services	Employees from the EE designated groups in the 3 highest levels of management (%)	50%	40%	80%	80%	80%	80%	80%	80%

Annexure B1: Score Card Definitions

CAPE TOWN STADIUM SCORECARD (SDBIP)DEFINITIONS			
NO	SDBIP INDICATOR	IDP OBJECTIVE	INDICATOR DEFINITION
CTS 01	Percentage achievement of own projected revenue	16.1	This indicator will measure the achievement of the annual projected revenue as per the latest approved budget.
CTS 02	Opinion of the Auditor General	16.1	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.
CTS 03	Percentage compliance with approved Repairs and Maintenance program	11	<p>The indicator measures the approved repairs and maintenance programme as per the service delivery agreement between Cape Town Stadium (RF) SOC and the City of Cape Town Repairs and Maintenance refers to all facilities and equipment at 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.</p> <p>The indicator measures whether the output was achieved as per the plan.</p>
CTS 04	Percentage Compliance with Occupational Health and Safety Acts and Regulations(Act 85 pf 1993	11	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 05	Number of spectator attendance at the Cape Town Stadium	1.3	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 06	Number of events hosted	1.3	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 07	Percentage budget spent on implementation of WSP (NKPI)	16	<p>The WSP outlines the planned education, training and development interventions for the organisation.</p> <p>Its purpose is to formally plan and allocate budget for appropriate training interventions that will address the needs arising out of local government's skills sector plan, the IDP, the individual departmental staffing strategies, individual employees' personal development plans and the employment equity plan.</p> <p>Proxy measure for NKPI.</p>
CTS 08	Percentage of people from employment equity target groups employed in the three highest levels of management in compliance with the City's approved Employment equity plan (EE) (NKPI)	16	<p>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.</p>

Annexure C1: Financial Performance Budget (5 year 2024/25 – 2028/29)

Category	Actual 2022/23	Original/ Adjusted Budget 2023/24	Forecast 2023/24	Original Budget 2024/25	Budget Comparison 2026 vs 2025		Draft Budget 2025/26	Budget Comparison 2027 vs 2026		Draft Budget 2026/27	Budget Comparison 2028 vs 2027		Draft Budget 2027/28	Budget Comparison 2029 vs 2028		Draft Budget 2028/29
	R	R	R	R	R	%	R	R	%	R	R	%	R	R	%	R
Revenue by Source																
Rental of facilities and equipment	22 510 387	37 673 870	27 183 842	31 268 873	4 376 132	14%	35 645 005	2 138 700	6%	37 783 705	3 067 022	8%	40 850 728	6 451 044	16%	47 301 771
Transfers and subsidies (Grants)	33 196 048	33 196 048	33 196 048	44 500 000	-	0%	44 500 000	-	0%	44 500 000	-	0%	44 500 000	-	0%	44 500 000
Other Revenue	28 217 387	27 586 987	28 250 521	29 945 552	1 796 733	6%	31 742 285	1 904 537	6%	33 646 822	2 018 809	6%	35 665 631	2 139 938	6%	37 805 569
Services in kind	8 502 772	7 423 343	7 423 343	7 764 816	465 889	6%	8 230 705	493 842	6%	8 724 548	523 473	6%	9 248 020	554 881	6%	9 802 902
Total Revenue	92 426 594	105 880 248	96 053 754	113 479 241	6 638 754	6%	120 117 995	4 537 080	4%	124 655 075	5 609 305	4%	130 264 380	9 145 863	7%	139 410 242
Expenditure by Type																
Cleaning Costs	6 060 594	9 319 865	8 387 878	8 891 151	533 469	6%	9 424 620	565 477	6%	9 990 097	599 406	6%	10 589 503	635 370	6%	11 224 873
Security Services	6 690 706	6 841 047	6 156 943	6 526 359	391 582	6%	6 917 941	415 076	6%	7 333 017	439 981	6%	7 772 998	466 380	6%	8 239 378
Repairs and Maintenance	27 212 425	29 553 988	26 598 589	28 194 505	1 691 670	6%	29 886 175	1 793 171	6%	31 679 346	1 900 761	6%	33 580 106	2 014 806	6%	35 594 913
Fuel	5 884 572	1 223 539	7 000 000	7 420 000	445 200	6%	7 865 200	3 696 644	-47%	4 168 556	250 113	6%	4 418 669	265 120	6%	4 683 790
Utilities	10 291 094	12 921 450	12 921 450	13 765 737	1 147 196	-8%	12 618 542	757 112	6%	13 375 654	802 539	6%	14 178 193	850 692	6%	15 028 885
Employee Cost	25 791 531	29 561 614	28 561 614	31 694 228	3 577 601	11%	35 271 829	2 116 310	6%	37 388 139	2 243 288	6%	39 631 427	2 377 886	6%	42 009 313
Board Members Remuneration	434 168	726 042	570 000	604 200	36 252	6%	640 452	38 427	6%	678 879	40 733	6%	719 612	43 177	6%	762 789
General Expenses	5 263 260	8 309 360	8 032 375	8 514 317	510 859	6%	9 025 176	541 511	6%	9 566 687	374 001	4%	9 940 688	596 441	6%	10 537 129
Services in Kind - Utilised	8 290 372	7 423 343	7 423 343	7 868 743	472 125	6%	8 340 868	500 452	6%	8 841 320	530 479	6%	9 371 799	562 308	6%	9 934 107
Total Expenditure	95 918 722	105 880 248	105 652 192	113 479 241	6 511 561	6%	119 990 802	3 030 892	3%	123 021 695	7 181 302	6%	130 202 996	7 812 180	6%	138 015 176
Surplus/(deficit) before taxation	(3 492 127)	0	(9 598 438)	(0)			127 193			1 633 380			61 383			1 395 066
Taxation																
Surplus/(deficit) after taxation before return on capex	(3 492 127)	0	(9 598 438)	(0)			127 193			1 633 380			61 383			1 395 066
Opening Accumulated Surplus	2 434 801															
Accumulated (Loss)/Deficit	(1 057 326)	2 434 800		2 434 800			2 561 993			4 195 373			4 256 756			5 651 823

NOTES:

FINANCIAL PROJECTIONS

The 2024/25 budget was prepared the current market data a using historical data. In certain areas such as the events income and commercial revenue, zero based budgeting was utilised. The outer year's projections have been increased mainly by CPI of 6%.

<p>REVENUE PROJECTIONS</p> <p>1. Rental of facilities and equipment Rental of fixed assets in the 2024/25 FY have been budgeted at R31.2million which relates to income to be realised from events which includes Income received from WPR as an anchor tenant. The 2024/25 will be the last year of the three year sliding scale agreement with WPR and the agreed rates as per the ATA will come into effect from 2025/26 financial year.</p>	<p>2 Transfers and subsidies (Grant) The grant was budgeted at R44.5million to cover the shortfall in expenditure for 2024/25 FY and continues at the same amount in the outer year projections without taking into account an inflationary increase.</p>
<p>3. Other Revenue Other revenue comprises of income from commercial generated through naming rights and rebates from events etc.</p>	<p>4. Services in kind The services in kind budget of R7million includes the use of the movable assets and the rental of the stadium.</p>
<p>EXPENDITURE</p> <p>5. Employee Related Costs The employee related cost budget of all seconded staff as well as all entity appointed staff. The 2024/25 budget and outer years also includes the appointment of new positions in the Finance department which is part of the plan for the entity to move towards its independence.</p>	<p>6. Remuneration of Board Members The budget was prepared on the basis that the composition of the board of directors will remain at 7 board members.</p>
<p>7. Fuel costs Fuel costs is in relation to fuel used for the generator which is a significant cost due to load shedding. An estimate amount have thus been included in the 2024/25 budget and adjusted with an inflationary related increase going forward. This cost will reduce from 2026 financial year once the capital energy savings project is complete.</p>	<p>8. Cleaning & Security Cleaning & security is in relation to costs for maintaining the asset. The budget has increased by inflationary costs of 6%.</p>

9. General Expenditure

'Other general expenditure have increased by inflation of 6%.

Annexure C2: Statement of Financial Position (5 year 2024/25 – 2028/29)

<u>Category</u>	Actual 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27	Budget 2027/28	Budget 2028/29
	R	R	R	R	R	R	R
ASSETS							
	23 821 169	29 889 072	27 087 907	27 576 726	28 075 320	28 583 887	29 102 624
Current Assets							
Cash	7 414 009	6 202 734	7 920 358	8 078 765	8 240 341	8 405 147	8 573 250
Receivables from exchange transactions	8 931 805	12 481 769	16 520 549	16 850 960	17 187 980	17 531 739	17 882 374
Receivables from non- exchange transactions	4 640 719	8 769 769	-	-	-	-	-
Services in kind benefit	2 647 200	2 434 800	2 647 000	2 647 000	2 647 000	2 647 000	2 647 000
Value added tax	187 436						
Non-current Assets	-		-	-	-	-	-
Other non-current assets	-		-	-	-	-	-
Total Assets	23 821 169	29 889 072	27 087 907	27 576 726	28 075 320	28 583 887	29 102 624
NET ASSETS AND LIABILITIES							
	(1 057 326)	2 434 800	2 434 800	2 561 993	4 195 373	4 256 756	5 651 823
Net Assets							
Accumulated surplus/(deficit)	(1 057 326)	2 434 800	2 434 800	2 561 993	4 195 373	4 256 756	5 651 823
Current liabilities	24 878 495	27 454 272	24 653 108	25 014 733	23 879 947	24 327 130	23 450 802
Bank overdraft	-		-	-	-	-	-
Trade and other payables	24 878 495	27 454 272	24 653 108	25 014 733	23 879 947	24 327 130	23 450 802
Total net assets and liabilities	23 821 169	29 889 072	27 087 907	27 576 726	28 075 320	28 583 887	29 102 624

Annexure C3: Cash Flow Statement (5 year 2024/25 – 2028/29)

<u>Category</u>	Actual 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27	Budget 2027/28	Budget 2028/29
Cash Flow from Operating Activities							
Receipts							
Other Revenue	59 508 421	65 261 000	60 890 492	67 056 879	71 093 508	76 172 599	85 457 975
Grant Funding	33 196 048	33 196 048	44 500 000	44 500 000	44 500 000	44 500 000	44 500 000
Payments							
Suppliers and Employees	(87 184 058)	(98 106 000)	(105 235 191)	(111 398 472)	(115 431 933)	(120 507 793)	(129 789 872)
Net Cash From/(Used) Operating Activities	5 520 411	351 048	155 301	158 407	161 575	164 807	168 103
Cash Flow from Investing Activities	-	-	-	-	-	-	-
Cash Flow from Financing Activities	-	-	-	-	-	-	-
Net Increase/(Decrease) in Cash Held	5 520 411	351 048	155 301	158 407	161 575	164 807	168 103
Cash and Cash Equivalents at beginning of year	1 893 598	7 414 009	7 765 057	7 920 358	8 078 765	8 240 341	8 405 147
Cash and Cash Equivalents at end of year	7 414 009	7 765 057	7 920 358	8 078 765	8 240 341	8 405 147	8 573 250

Annexure D: Legal Framework

1. 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. POPI and Cyber Crime Act;
11. Firearms Control Act, 2000 (Act no. 60 of 2000);
12. Occupational Health and Safety Act, 1993 (Act No. 85 of 1993) and the regulations thereto (including the OHS Act Regulations of 2014);
13. Municipal Asset Transfer Regulations No. 31346 of 2008;
14. Respective electrical, mechanical, civil, structural etc. South Africa Bureau of Standards (SABS of SANS) code of Practise.

2. City of Cape Town Policies and By Laws

1. Events By-Law, 2010 & amendment thereto (2015) read with City Events Policy (2013);
2. Building Development Management ("BDM") temporary structure application & approval Requirements, 2015;
3. Community Fire Safety By-Law 2002 as amended;
4. Environmental Health By-Law, 2003 as amended;
5. By-Law relating to Streets, Public Places and the Prevention of Noise Nuisances, 2007 as amended;
6. Outdoor Advertising & Signage By-Law, 2001 as amended (2013 & 2014);
7. Filming By-Law, 2005;
8. Public Parks By-Law, 2010 as amended;
9. Informal Trading By-Law, 2009 as amended (2013);
10. Integrated Waste Management By-Law, 2010;
11. Liquor Trading Days & Hours By-Law (PG 6788 – 10/09/2010 as amended);
12. Community safety; and traffic Control

3. Municipal Entity Legal Framework

1. Lease signed between the City of Cape Town and the Cape Town Stadium (RF) SOC Limited
2. Service Delivery Agreement signed between the City of Cape Town and Cape Town Stadium (RF) SOC Limited
3. Service Level Agreement signed between Cape Town Stadium (RF) SOC Limited and Cape Town International Convention Centre

Annexure E: Risk Register

CAPE TOWN STADIUM (RF) SOC LIMITED RISK REGISTER															
RISK NUMBER	RISK TITLE	LINKED OBJECTIVE	CONSEQUENCE		CONTRIBUTING FACTOR TITLE	EXISTING CONTROL TITLE	CONTROL EFFECTIVENESS	RESIDUAL RATING			ACTION PLAN TITLE	DUE DATE	% COMPLETE	PROGRESS NOTES	ACTION PLAN OWNER
								RI	RL	RR					
1	Medium term financial sustainability threat to the Stadium (dependent on spectators)	CITY OF HOPE 16 A capable and collaborative City Government	<ul style="list-style-type: none">Not meeting financial targetsNegative effect on revenue generationLonger dependency on City GrantIncreased reliance on diesel and the related costs thereof to run generatorsFailure of equipment due to loadshedding	1.1	Budgeted income not secured / non contract events and impact of venue	Continual budget monitoring, assessment and adjustment (cost curbing) of the budget through the adjustment budget process	70%	7	7	49	TREAT: Develop an annual events plan	2024/06/30	5%	[Nicola Jane Anderson - 2023/10/20 11:29]Look at putting in place longer term contracts in place.	COO
		CITY OF HOPE INCLUSIVE ECONOMIC GROWTH: 11 Increased jobs and investment in the Cape Town economy				Continued engagements with event organisers, franchise owners, etc.	70%				TREAT: Develop a Property Development Plan	2025/06/30	5%	[Nicola Jane Anderson - 2023/10/20 12:59] This is to diversify the income streams with less reliance on events.	COO
		CITY OF HOPE PUBLIC SPACE, ENVIRONMENT AND AMENITIES: 11 Quality and safe parks and recreation facilities supported by community partnerships				Events contingency plan	60%				TREAT: Develop an international outreach plan to attract international organisers	2024/06/30	5%	[Nicola Jane Anderson - 2023/10/20 12:58] Proactively promote to international organisers.	CEO
		1.2		Global and national economy impacts on event viability (slow recovery of event and periphery industries)	Activated income streams (revenue)	70%	TREAT: Implementation and monitoring of the compliance with the terms of the Anchor Tenant Agreement				2024/06/30	100%	[Nicola Jane Anderson - 2023/10/20 12:39] The Anchor Tenant Agreement (ATA) has been implemented. There is a SteerCom in place and bi-weekly monitoring meetings take place. This will move to a control.	CEO	
					Continual budget monitoring, assessment and adjustment (cost curbing) of the budget through the adjustment budget process	70%	TREAT: Develop an international outreach plan to attract international organisers				2024/06/30	5%	[Nicola Jane Anderson - 2023/10/20 12:58] Proactively promote to international organisers.	CEO	
					Continued engagements with event organisers, franchise owners, etc.	70%	TREAT: Develop an annual events plan				2024/06/30	5%	[Nicola Jane Anderson - 2023/10/20 11:29] Look at putting longer term contracts in place.	COO	
					Monitoring of performance with regards to the implementation of the current business plan	70%	TREAT: Develop a Property Development Plan				2025/06/30	5%	[Nicola Jane Anderson - 2023/10/20 12:59] This is to diversify the income streams with less reliance on events.	COO	
					Ongoing engagement with role players to drive towards an increase in non bowl events (Film Industry, Events Forums)	60%	TREAT: Implementation of strategy to promote non-bowl events				2024/06/30	100%	[Nicola Jane Anderson - 2023/10/20 12:45] This is ongoing and has moved to a control.	CEO	
					SteerCom bi-weekly monitoring of the Anchor Tenant Agreement	70%	TREAT: Procure 1 - 2 additional events annually (for the next 3 years with intention they become recurring)				2024/06/30	100%	[Nicola Jane Anderson - 2023/10/20 12:47] This is ongoing and has moved to a control	COO	
					Utilisation of a quarterly newsletter and other communication platforms to communicate/attract target audience to events or to host events	60%									
		1.3		Impact of loadshedding (increased costs of holding events)	Request exemption from loadshedding where an event's profile necessitates such a request	70%	TREAT: Develop a business case for own generation and review of technology to ensure effective electricity usage				2024/02/29	100%	[Nicola Jane Anderson - 2023/10/20 13:03] This has been successfully completed and shows a saving, but reliant on funding for the next phase of the action plan.	COO	
					Utilisation of generators	70%									
		1.4		Three year sliding scale with WP Rugby Union	SteerCom bi-weekly monitoring of the Anchor Tenant Agreement	70%	ACCEPT: Contributing factor accepted as it will be managed by existing control				2024/06/30	0%	[Nicola Jane Anderson - 2023/10/20 12:14] This is a note to indicate the risk treatment option, which is assessed annually.	NA	
		1.5		Very high cost of hosting events	Seek discount/financial support from the City per event where applicable (discounted fees on services)	50%	ACCEPT: Contributing factor accepted with the adherence of the existing controls as not financially viable at present to implement further action plans and this is outside of the control of CTS				2024/06/30	100%	[Nicola Jane Anderson - 2023/10/20 13:03] This is a note to indicate the risk treatment option, which is assessed annually.	NA	

RISK NUMBER	RISK TITLE	LINKED OBJECTIVE	CONSEQUENCE		CONTRIBUTING FACTOR TITLE	EXISTING CONTROL TITLE	CONTROL EFFECTIVENESS	RESIDUAL RATING			ACTION PLAN TITLE	DUE DATE	% COMPLETE	PROGRESS NOTES	ACTION PLAN OWNER
								RI	RL	RR					
2	Possible cyber security breaches and system vulnerability	CITY OF HOPE: 16 A capable and collaborative City Government	<ul style="list-style-type: none"> Potential losses and/or theft of critical data Inherent risk of data breach Interference with DHL Stadium operations Malware attacks System downtime 	2.1	Vulnerability of technology and cyber security to the internal network	Ongoing monitoring and control of the network by CTS ICT Systems Coordinator	70%	7	6	42	TREAT: Develop a project timeline which is overlaid on the budgeting process for the upgrade of outdated system software.	2024/06/30	80%	[Nicola Jane Anderson - 2023/10/20 13:05] The project plan has been finalised and worked into longer term budget and awaiting approval.	COO
						System support by the long term contractors (appointed) who are on call with the CTS system	70%				TREAT: Implementation of the agreed management action plans flowing from the IA CTS Network Security Review	2023/12/31	90%	[Nicola Jane Anderson - 2023/10/20 13:10] <ul style="list-style-type: none"> Documented IT SOPs (all 4 already done) Penetration test and periodic testing plan completed Testing of the BCM plan (ongoing) Disabling of the Windows Administrator Account (done) Adjustments made following the outcomes of the penetration test and then penetrating testing will be done on an annual basis.	COO
					Vulnerability of technology and cyber security with regards to CCT shared IT systems	Adherence to CCT's IS&T policies and procedures	60%				TRANSFER: This contributing factor is mitigated by CCT IS&T department on behalf of the DHL Stadium via the CCT Corporate and IT Transversal Risk Register	2024/06/30	100%	[Nicola Jane Anderson - 2023/10/20 13:12] This is a note to indicate the risk treatment option which is assessed annually. CTS to ensure adherence to CCT policies and processes as per indicated controls.	COO
						Completely reliant on CCT's IT security mechanisms	70%								
					Vulnerability of technology and cyber security with regards to the DHL Stadium in-house Human Management Interface (HMI) system	External vulnerability assessment - assurance report	70%				TREAT: Implementation of the agreed management action plans flowing from the IA CTS Network Security Review	2023/12/31	90%	[Nicola Jane Anderson - 2023/10/20 13:10] <ul style="list-style-type: none"> Documented IT SOPs (all 4 already done) Penetration test and periodic testing plan completed Testing of the BCM plan (ongoing) Disabling of the Windows Administrator Account (done) Adjustments made following the outcomes of the penetration test and then penetrating testing will be done on an annual basis.	COO
						No remote access to Human Management Interface (HMI) system	70%				TREAT: Develop a project timeline which is overlaid on the budgeting process for the upgrade of outdated system software.	2024/06/30	80%	[Nicola Jane Anderson - 2023/10/20 13:05] The project plan has been finalised and worked into longer term budget and awaiting approval.	COO
3	Revenue recognised is not complete (under or over)	CITY OF HOPE: 16 A capable and collaborative City Government	<ul style="list-style-type: none"> Revenue not optimised through vendors under declaring their revenue Longer dependency on City Grant Reputational risk Not fulfilling contractual obligations with regards to revenue share 	3.1	Dependency on vendors and their staff to report and ensure sufficient control over revenue collection on which payment of Cape Town Stadium is calculated	Encourage the use of credit card facilities over cash by making this service available	60%	7	4	28	ACCEPT: Risk/contributing factor accepted with the adherence to established controls, the risk falls within the limits of the Risk Acceptance Level (RAL)	2024/06/30	100%	[Nicola Jane Anderson - 2023/10/20 13:28] This is a note to indicate the risk treatment option, which is assessed annually.	CFO
						IA assurance/audit of monitoring measures established via the Financial Framework	70%								
						Reconciliations signed off and reviewed monthly with supporting evidence	60%								
				3.2	Inability to fulfil contractual obligations with regards to commercial revenue share to 3rd parties	Manual reconciliations performed between dual reporting systems	60%				TREAT: Planning of Automated Reporting (Phase 2 - purchases and payment cycle)	2024/06/30	20%	[Nicola Jane Anderson - 2023/10/23 10:08] Met with service provider and submitted required information - further meetings to be held. The service provider will go through the SOPs and submit possible solution for consideration.	CFO
						Manual system of revenue reporting	70%								
4	Event non compliance	CITY OF HOPE: 16 A capable and collaborative City Government	<ul style="list-style-type: none"> Reputational damage Delays / cessation of service delivery Non compliance with legislation (SASREA Act) Loss of life / infrastructure Injuries Public Liabilities Increase OHS risks 	4.1	Event day incidents	Annual revision of the SASREA Stadium Certification	80%	6	4	24	ACCEPT: Risk/contributing factor accepted with the adherence to established controls, the risk falls within the limits of the Risk Acceptance Level (RAL)	2024/06/30	100%	[Nicola Jane Anderson - 2023/10/20 13:28] This is a note to indicate the risk treatment option, which is assessed annually.	COO
						Confirm compliance with the Event Day Safety Procedures (Manual)	80%								
						Event incident debriefing sessions	80%								
						Event safety sign off checklist	80%								
						Succession plan developed and approved by the board to ensure specialised staff available and overall operational continuity	80%								
						Venue safety plan framework	80%								

Emerging Risk:
Inconsistent Availability of Water and Electricity

Disclaimer:
Cape Town Stadium (RF) SOC LTD is responsible and accountable for risk management. CTS makes use of the City Integrated Risk Management Department to facilitate this process. IRM's responsibilities are limited to the facilitation of the risk identification, assessment and treatment processes.

Abbreviations & Definitions:
ATA - Anchor Tenant Agreement
CTS - Cape Town Stadium (RF) SOC LTD
CEO - Chief Executive Officer
CFO - Chief Financial Officer
COO - Chief Operating Officer

Abbreviations & Definitions:
DHL - DHL Stadium
IA - Internal Audit
IRM - Integrated Risk Management
WPRU - Western Province Rugby Union