



City of Cape Town

Business plan for Cape Town Stadium and Green Point Park

A public information summary and report



CITY OF CAPE TOWN | ISIXEKO SASEKAPA | STAD KAAPSTAD

THIS CITY WORKS FOR YOU



DOCUMENT NAVIGATION

The symbols ◀▶ at the bottom left and right of each page link to the previous and next pages respectively.

The 'tab' section markers on each right-hand page link to the first page of the section named.

Clicking on the report title – BUSINESS PLAN FOR CAPE TOWN STADIUM AND GREEN POINT PARK – at the bottom of any page will link to the Contents page.

Each entry in the tables of contents, tables and figures link to the indicated page, table or figure.



Contents

5	Foreword: Executive Mayor Alderman Patricia de Lille and Councillor Grant Pascoe
7	Executive summary A summary of the more detailed technical report
17	Introduction Background and lead-up to the business planning process
19	Cape Town Stadium – the current operational realities and the City’s response Termination of the independent operator mandate 19 Assumption of stadium management control by the City 20 The status quo on assumption of control by the City 20 The City of Cape Town response 20
21	The report – methodology, models and recommendations Research and benchmarking 21 Report preparation 21 Consideration of contemporary international stadium and governance models 21 Consideration of international stadium business models 21 The cornerstones of the business planning process 22 Methodology and criteria used to evaluate the client-stipulated business models 22 Assumptions applied across all possible business models 23 Business model scenarios 1–5: Development of assumptions 23 The costs of compliance with the Municipal Finance Management Act 23 Salaries and wages 24 Repairs and maintenance 24 Operational expenditure 24 Anchor tenants 24 Capacity of Cape Town Stadium 24 The number and capacity of suites 24 Escalations 24 Rights inventory pricing and inclusion 24 Business club seats 25 Season tickets 25 Food and beverage 25 Property development 25 Park 25 Assumptions per business model scenario 26 Scenario 1: City as operator, with anchor tenant(s) 26 Scenario 2: Independent operator, with anchor tenant(s) 26 Scenario 3: Anchor tenant as operator 27 Scenario 4: No anchor tenant, with City as operator (4A) or with independent operator (4B) 27 Scenario 5: Mixed-management model 27 Risk factors applied to each possible business model 27 Governance 27 Financial 27 Operations 27 Events and hospitality 28 Commercial 28 Marketing and communications 28 Brand 28 General risk 28 Financial modelling process and outcomes developed 29 Financial modelling 29 Stadium events 29 Tenants 29 Catering 29

Suites	29
Park	29
Operating income and cost	29
Staff cost	29
Repairs and maintenance	29
The financial models	29
Conclusion from the risk evaluation and financial modelling processes	32

33

A proposed solution: The mixed-management model

The mechanism	33
The legal position	33
Oversight	33
Conclusion	34
Implementation of the business analyst-proposed mixed-management model	34
Interim retention of the current City of Cape Town Stadium management team	34

35

Core recommendations

Current permissible uses	35
Cape Town Stadium	35
Green Point Park	36
Approved land uses for Green Point Park	37
Proposed land uses for Green Point Park	37
The restrictions	37
Possible solutions to the restrictions	38
Development opportunities	38
Summary of potential development opportunities	38
Cape Town Stadium and precinct	38
Capital investments	38
Development of suites	38
Development of commercial office opportunities	39
Additional internal office space	40
In-house kitchen	42
Liquor and beverage distribution area	42
Public kiosks	42
Conferencing and banqueting	42
Stand-alone restaurants, coffee shops, sports bars and late-night venues	43
Commercial parking	43
Bulk waste management areas	43
The way forward	43
Cape Town Stadium governance model selection	43
Record of Decision amendment process	44
Environmental impact assessment and LUPO	44
Strategy and implementation process	44
Core recommendations regarding commercialisation	45
Naming rights	45
Founder members' rights	45
Pouring rights and concessionaries	45
Preferred suppliers	45
The Cape Town Stadium commercial model	45
Core recommendations regarding eventing	45
Cape Town Stadium event bidding process	45
Own events	46
Enhancing the stadium event-day experience	46
Core recommendations for hospitality	47
Non-event-day use of hospitality facilities	47
Core recommendations regarding marketing and communications	47
Monitoring, measurement, evaluation and research	47

48

Public participation process

Channels for providing comment and input	48
--	----

Index of figures and tables

<i>Figure 1: Green Point common and urban park, Cape Town Stadium and surrounds</i>	18
<i>Figure 2: The business modelling process</i>	22
<i>Table 1: Evaluation of the different models</i>	22
<i>Table 2: Events calendar for each scenario</i>	22
<i>Table 3: Assumption – possible premium anchor tenant (WPRFU)</i>	22
<i>Table 4: Assumption – Ajax Cape Town FC</i>	22
<i>Table 5: Assumption – major music concerts</i>	22
<i>Table 6: Possible ticket prices for rugby matches, in rands</i>	22
<i>Table 7: Possible ticket prices for football matches, in rands</i>	22
<i>Table 8: Possible ticket prices for major concerts, in rands</i>	22
<i>Table 9: Possible prices for suites</i>	24
<i>Table 10: Values of intangible inventory</i>	24
<i>Table 11: Values of business club seats</i>	24
<i>Table 12: Values of season tickets</i>	25
<i>Table 13: Estimated spending on food and beverages, per person, by event type</i>	25
<i>Table 14: Income from various rights</i>	26
<i>Table 15: Income from liquor sales</i>	26
<i>Table 16: Stadium cash flow model with the City as operator and with anchor tenants</i>	29
<i>Table 17: Stadium cash flow model with an independent operator and with anchor tenants</i>	30
<i>Table 18: Stadium cash flow model with Western Province Rugby as anchor tenant and stadium operator</i>	30
<i>Table 19: Stadium cash flow model with the City as operator and with no anchor tenants</i>	30
<i>Table 20: Stadium cash flow model with an independent operator and with no anchor tenants</i>	31
<i>Table 21: Stadium cash flow model with stadium managed by a public private partnership</i>	31
<i>Table 22: Stadium cash flow model with stadium managed by the City</i>	31
<i>Figure 3: Greater Green Point Urban Park locality layout</i>	34
<i>Figure 4: Existing zoning and land use</i>	36
<i>Figure 5: The operator's area of responsibility</i>	37
<i>Figure 6: The various stadium levels</i>	38
<i>Table 23: Possible suite development</i>	39
<i>Table 24: Potential greenfield development</i>	40
<i>Table 25: Potential development within the Greater Green Point Urban Park</i>	40
<i>Table 26: Possible development within the stadium</i>	41
<i>Figure 7: Potential future development area along Granger Bay Boulevard</i>	42
<i>Table 27: Additional development of suites</i>	42
<i>Table 28: Proposed in-stadium property development per level</i>	42
<i>Figure 8: Existing and planned permissible buildings</i>	43
<i>Figure 9: Proposed Greater Green Point Urban Park property development process</i>	44
<i>Table 29: High-level overview of projected events calendar</i>	46

KEY ABBREVIATIONS

'City'	– City of Cape Town
'the stadium'	– Cape Town Stadium
'EIA'	– environmental impact assessment
'IRM'	– International Risk Mitigation Consultants (Pty) Limited – the business analyst
'LUPO'	– Land Use Planning Ordinance
'MFMA'	– Municipal Finance Management Act 56 of 2003
'MSA'	– Municipal Systems Act 32 of 2000
'the park'	– Green Point Park
'the report'	– Business Plan for Cape Town Stadium and Green Point Park prepared by City-appointed business analyst dated December 2012
'RoD'	– Record of Decision by Western Cape Provincial Government on permissible land use and associated environmental requirements
'SSOC'	– SAIL/Stade de France Operating Company (Pty) Limited
'the business analyst'	– International Risk Mitigation Consultants (Pty) Limited
'Timeframes'	– For the purpose of this report: <ul style="list-style-type: none">- 'short-term' is 0-36 months;- 'medium-term' is 36-60 months (five years); and- 'long-term' is 60-120 months plus (five to ten years or longer).
'WPRFU'	– Western Province Rugby Football Union

DISCLAIMER

The City of Cape Town (or 'the City') refers to the City administration, including elected councillors, responsible for the development and local administration of the city.

Copies of this document are available at City libraries and subcouncil offices, and on the City's website at www.capetown.gov.za.

© City of Cape Town 2012

Prepared by International Risk Mitigation Consultants (Pty) Limited

Production management – Aletta Kruger and Amina Taylor, City of Cape Town

Photography – Bruce Sutherland, City of Cape Town

Diagrams of Green Point Park and precincts derived from documents developed by OVP Landscape Architects

Editing and production – The Creative Store

Proofreading – The Language Studio

Printing – Tandym Print

Foreword



The City of Cape Town is committed to building an Opportunity City in which economic growth, development and inclusion are given top priority.

An important element of this commitment is the proper utilisation of our strategic assets, of which Cape Town Stadium is the most important.

The City believes that Cape Town Stadium can play a pivotal role in ensuring that we attract major events to the city, which in turn will help position us as the events capital of South Africa and indeed of Africa as a whole.

The economic benefits of this approach are such that they will help drive job creation, which is a critical

element of reducing joblessness and poverty in the city.

We are at all times conscious that the proper utilisation of Cape Town Stadium needs to be undertaken in a responsible and sustainable fashion.

I am confident that this business plan represents an important departure point in the process of achieving the necessary balance.

The City looks forward to engaging with all affected parties, in the best interests of Cape Town as a whole.

Alderman Patricia de Lille

Executive Mayor



Cape Town Stadium is the city's foremost asset in the Tourism, Events and Marketing portfolio. As part of our responsibility to better manage the city's assets, it was agreed in September 2011 to appoint a business analyst to consider and contemplate the various options open to the city to help manage, operate and commercialise this facility.

It is Council's responsibility to ensure that its financial resources are applied equitably, responsibly and cost effectively in a manner that does not unreasonably place pressure on the taxpayer and ratepayer.

As part of this decision the City must make known the findings of the business analysis and the recommendations that stem from them.


I encourage people to engage with us through different media to have your say. We are committed to finding a solution and partners to help us achieve the outcome of a more financially sustainable facility.

This public participation is to obtain, through section 78 (1) and (2) processes of the Municipal Systems Act 32 of 2000, the views of the public regarding the business analysis recommendations and the City's intent to manage this facility through an external service delivery mechanism.

I look forward to all your comments.

Councillor Grant Pascoe

Mayoral Committee member: Tourism, Events & Marketing



Cape Town Stadium and Green Point Park, part of the legacy of hosting the 2010 FIFA World Cup™, have helped to transform what was previously a largely underutilised space on Green Point common into a world-class events facility and pristine green jewel in the heart of the city.

However, following the event, the stadium is proving to be costly to the City of Cape Town and its citizens, as a result of being used less than it could. The reasons are many, not least the prolonged economic recession, the failure to attract a premium anchor tenant, and extremely restrictive zoning laws that apply to the land on which the stadium and park are built.

To make the stadium a more viable proposition, the City commissioned a business analyst with extensive appropriate experience to investigate business models for consideration, in order to assess the most practical and sound solution for a more vibrant and cost-effective facility.

The findings cover all aspects of professional stadium management, and highlight the urgent need to have some of the current restrictions lifted in order to engage in certain commercial activities at the stadium and surrounds.

These commercial activities include, among others, a proposed four-storey building adjacent to the stadium, and restaurants, shops and late-night venues in the stadium itself.

Apart from a proposed eco-centre, tearoom and 'green' café, no further development is envisaged for Green Point Park.

This report outlines the proposals, and offers Capetonians an opportunity to participate in the three-month public participation process, which ends on 31 March 2013. The public are urged to please get involved. The future of the City's single biggest asset is at stake.

Executive summary

Making a stadium profitable is a challenge. Cape Town Stadium should ideally be used a lot more than it is. This report outlines what the City of Cape Town has done – and would like to do – to make the stadium more viable.



The City of Cape Town is investigating a business plan for the Greater Green Point Urban Park – which includes Cape Town Stadium and Green Point Park – in order to make the facilities created for the 2010 FIFA World Cup™ more financially viable.

This document provides both a short summary of the facts and proposals, and the detailed technical report from the City's consultants (pages 17 to 47).

The report details the obstacles to making the stadium and park more commercially viable, and concludes that many of these obstacles are due to zoning restrictions, which do not permit commercial activity that is not linked to a specific event.

Relaxation of the zoning and land use restrictions would allow greater commercialisation of the stadium and park, which would offset the cost of maintaining the facilities and reduce the burden on the ratepayer.

As part of the public participation process, open until 31 March 2013, all Capetonians are invited to provide their input and comments on the proposals.

A global view

The past two decades have seen massive growth in the numbers of large modern sports and recreational stadiums and venues across the world.

This growth has been driven by the requirements of

sports rights holders such as the International Olympic Committee (IOC), Fédération Internationale de Football Association (FIFA), the International Rugby Board (IRB) and the International Cricket Council (ICC) with regard to the hosting of the Olympic Games™, FIFA World Cup™, IRB Rugby World Cup™ and ICC Cricket World Cup™.

However, after the hosting of these major events, the owners and operators of newly built sports and entertainment facilities are confronted with the harsh realities of the extremely competitive major stadium environment. The running costs of modern, technically advanced stadiums are substantial.

The 55 000-seater Cape Town Stadium, built for the 2010 FIFA World Cup™ as part of Cape Town's official host city requirements, is no exception to this reality.

Stadium owners have been forced to re-assess their traditional stadium management structures and event delivery models, and take a broader – and more strategic and professional – view of the spread of products and services required at their facilities.

The last two decades have witnessed a marked worldwide increase in the commercialisation and marketing of major sports stadiums. The last decade has also seen a trend of public funders and owners of such stadiums, for a variety of reasons, taking back control of their assets from major sporting codes.

In detail

Pages 7 to 16 are a summary of the full report submitted to the City of Cape Town by the business analyst commissioned to examine and develop business models for Cape Town Stadium and Green Point Park.

This technical report, which follows on page 17, is also available at City libraries and sub-council offices, and on the City's website at www.capetown.gov.za.



Iconic:

The 2010 FIFA World Cup™ provided Cape Town with exceptional international exposure, the effects and benefits of which are still being enjoyed by the tourism industry.

Cape Town Stadium background

Following the decision to award the 2010 FIFA World Cup™ to South Africa, and the Greater Green Point Urban Park being proposed as the site for Cape Town Stadium, the entire Green Point precinct was subjected to a complete re-design, a process that incorporated a comprehensive public participation programme.

Time constraints, due to the urgent need to start construction of Cape Town Stadium in order for the City to meet its 2010 FIFA World Cup™ obligations to National Government and FIFA, had an impact on the final design and the commercial rights granted to the Greater Green Point Urban Park property.

During the 2006 provincial Record of Decision (RoD) process, compromises were made by the City regarding permissible commercial uses of the property. This was done to ensure that the stadium – which was six months behind the other major 2010 stadium builds across the country – would be completed in time. This construction included developing the stadium precinct in terms of FIFA contractual specifications.

At the time it was recognised by the City that, after the 2010 event, there would be sub-optimal commercial use of Cape Town Stadium and its precinct. It was also acknowledged by the City, in a cost-benefit analysis

undertaken at the time, that unless the City sourced a ‘substantial and guaranteed external subsidy’, the stadium would be a significant future financial burden.

Despite the financial implications, however, it was also understood that Cape Town Stadium and Green Point Park would represent a ‘green jewel’ for use by, and the benefit of all Capetonians. Hosting eight games in such a remarkable setting provided Cape Town with exceptional international marketing exposure, the effects and benefits of which are still being enjoyed by the local tourism industry in spite of a global recession.

The current operational realities

However, the City has had to revisit its original decisions regarding the governance, operational management and land use of the Greater Green Point Urban Park (the entire stadium precinct and park).

The stadium and park operate in an extremely fluid and challenging environment. The global recession, coupled with a highly competitive stadium business environment between 2010 host cities, have severely limited the opportunities for stadium usage.

That usage is also restricted by current land use zoning, and commercial activities are not permitted unless they are directly related to approved events.



For the record

When a land or property development requires environmental impact assessments, changes to zoning or land use, or compliance with other legislation, an application must be submitted to the relevant authority – in this case the Western Cape Government – and approval granted (or denied).

The result of the application and the reasons given for approval are recorded in a formal decision document, known as a Record of Decision (RoD). This lengthy process was necessary for the construction of the stadium and extensive reconfiguration of Green Point Common, as it was zoned as a ‘public open space for recreation and sport’ (see the panel alongside).



The Green Point precinct has a fascinating history. It was once a seasonal vlei, and was known as ‘De Waterplaats’ (the foreshore) in the 1700s and 1800s.

After the British annexed the Cape in 1806, horse races and sailing regattas were held there (and dairy farmers also grazed their cows). The vlei was filled in during the early 20th century, and in 1923, King George V ceded the land to the City as a ‘public open space for recreation and sport’. This condition meant that a change in zoning and land use was required for the new stadium and park, and this was reflected in the Record of Decision of 2006.

The common is home to South Africa’s oldest rugby club, Hamiltons, founded in 1875; the Green Point Cricket Club, founded in 1897, and has venues for athletics, cycling, tennis, bowls and golf.

It was the birthplace of soccer in the country, as

the first recorded game was played on the common in 1862 between ‘15 officers of the army and a like number of gentlemen in the civil service’.

It has had its grimmer side too. It housed prisoners of war and British troops during the Anglo-Boer War of 1899-1902 (pictured), and in 1920, Cape Town’s first air crash fatality occurred there.

An 18 000-seater stadium built in the 1940s was used mainly for football, and has been the home ground for Santos Football Club, Hellenic Football Club and Ajax Cape Town. It is being revamped into a 5 500-seater multi-use stadium, with new clubhouses and change rooms, and an upgraded athletics track.

The 2010 FIFA World Cup™ provided the City with the funds and opportunity to reconfigure the common, build the stadium, establish the park, and make the whole area more accessible and attractive.



This restrictive municipal legislative framework does not allow the business flexibility required to make this R4,5 billion asset financially viable.

In addition, the operator has been unable to attract a premium anchor tenant, a move that would greatly enhance the financial viability of the stadium.

History of the stadium operation

In late 2009, following a tender process, the City appointed SAIL/Stade de France Operating Company (Pty) Limited – a joint venture between a local sports and entertainment marketing company and the management company of the Stade de France Stadium in Paris – to manage Cape Town Stadium and Green Point Park.

For various legal, administrative and financial reasons, the contract was terminated on 1 December 2010, and the City was obliged to take over the management of the stadium. The City's 2010 operations team assumed this function on 1 January 2011.

At the same time, the City authorised the appointment, by tender, of an experienced stadium business analyst with local and international experience to provide guidance on a viable and effective business model for the stadium. This report is a summary of the business analyst's findings and recommendations.

It was intended that the business analyst would professionally advise the City regarding the future legacy of Cape Town Stadium and Green Point Park.

About the business analyst

In September 2011, after a comprehensive tender process, International Risk Mitigation Consultants (Pty) Limited (IRM) was appointed as the business analyst.

IRM is a local and internationally recognised provider

of specialist legal, technical and risk consulting services to the sporting and recreational sector. In its bid, it had assembled the leading project-specific professional stadium business analyst consultants in the country, with specialist international advisory assistance, to undertake the required mandate of the City.

The need for a business plan

There is significant potential for the commercialisation of the stadium and its precinct beyond that which is being done. From a financial and a social perspective, the stadium and park do not represent the best value to the City and its ratepayers in their current form.

As a result of the compromises made during the 2006 Record of Decision (RoD) process, the RoD stands as an obstacle to the effective commercialisation of the stadium and park. It is to this end that the report has explored the proposed relaxation of some of the more restrictive provisions of the RoD. It has also explored various commercial property development opportunities both inside the stadium and in its immediate precinct.

The business analyst's brief

The City clearly set out what it required from the appointed business analyst as far as the development of the business model was concerned. This included:

- a consideration and development of five possible future stadium governance and business models that could be deployed at Cape Town Stadium (with reference to best international and local practice);
- a consideration of the pros and cons of the five stadium business models; and
- a recommendation as to a preferred governance, management and business model for the stadium.

A green jewel:

Over time, Green Point common had become a haphazard patchwork of sporting facilities and underutilised open space. The development of the stadium also provided the opportunity to reconfigure the common, which now provides access to an outstanding public park, biodiversity garden, open-air gyms, and walking and cycling facilities.





Operating areas and zoning: *The area managed by the operator (currently the City of Cape Town) is highlighted and bordered in red. This includes the stadium and immediate precinct, and the park. The yellow line around the stadium precinct shows the area zoned for 'community facilities'. The remainder of the Green Point precinct – including the park, golf club and the various sporting facilities – are zoned as 'public open space'. The zonings determine what types of commercial activity are permitted.*

The analyst had to assess which of the possible business models had the potential to generate sufficient revenues based on current income streams, and provide options to maximise these revenues.

There also had to be a consideration of sustainable income streams that the City could include in order to recover the cost of the operation of the stadium and park, with a view to the possible generation of surpluses to cover costs and reward stakeholders.

The five business models

The City required the business analyst to investigate and consider five different business models (two with sub-categories), as follows:

- Model 1: City as operator, with anchor tenant
- Model 2: Independent operator, with anchor tenant
- Model 3: Anchor tenant as operator
- Model 4A: City as operator, with no anchor tenant
- Model 4B: Independent operator, with no anchor tenant
- Model 5A: Analyst-proposed mixed-management model – public/private partnership
- Model 5B: Analyst-proposed mixed-management model – municipal entity

The business analyst's methodology

In essence, the business methodology employed for this project involved, among others:

- a detailed documentary and information review of the historical stadium and park operations;
- a comprehensive analysis of the historical and current financial position of the stadium and park;
- detailed research relating to major local and international sports and entertainment venues;

- benchmarking against best domestic and international practice in stadium governance, management and business modelling; and
- in-depth interviews and work sessions with stadium staff and City of Cape Town officials.

The Cape Town Stadium business planning process was based on the following factors:

- Financial viability
- Consideration of the City's best interests from a commercial and social development point of view
- Sustainability
- Practicality, i.e. no 'pie in the sky' approach
- Provision for the possibility of 'quick wins' on the stadium management and operations front
- Alignment, where possible, with the City's Integrated Development Plan (IDP)
- Compliance with the applicable legislation
- Protection and enhancement of the City's financial, commercial and associated interests in the stadium

Investigation and evaluation

In the technical brief, the City specified certain areas of investigation and evaluation for each of the possible business models. The consultants used these guidelines during the research and model evaluation process.

Key assumptions were identified, developed and applied across the five possible models. Finally, various risk factors were identified and evaluated for impact, and each model was given a total risk score.

These key assumptions included the optimal number of events that could be held, with and without a premium anchor tenant (and dependent on the specific anchor tenant), pricing of event tickets, costs of compliance with the Municipal Finance Management



Act (MFMA), salaries and wages, operational expenditure, the number and capacity of suites, annual escalations, rights inventory pricing and inclusion, business club seats, season tickets, food and beverage, property development and park events.

In the scenarios where anchor tenants are included, the following three anchor tenants were considered:

- Western Province Rugby Football Union
- Ajax (Cape Town) Football Club
- Big Concerts

Since the drafting of the report, another anchor tenant, Chippa United FC, has been considered. However, as Chippa United was not included in the original modelling process, it was not included in the underlying assumptions for the document. This does however represent a future potential revenue stream.

The assumption regarding property was that all property development options that would contribute to the viability of the stadium would be implemented after a process of rezoning has been undertaken. This would optimise the usage of the stadium, and limit the City's potential exposure to operational losses. The property development was assumed to be funded from debt, which would be repayable to the City over 20 years.

In terms of rights, whichever rights are the property of the stadium would be able to be sold by the stadium operator (be it the City, an independent operator or an anchor tenant as operator) for its benefit. This includes naming rights, founding partner rights, pouring rights, franchise rights, snack-food franchise rights, suite income, business club income, season ticket income, stadium advertising, stadium tours and merchandising.

An independent operator would however not be responsible for the additional cost that results from

compliance with the MFMA, nor have the means to maximise the events calendar by buying in events.

Financial modelling

The financial modelling process took into account possible stadium events and their attendance, the type of anchor tenant and its ability to attract events, the commercial terms of the catering, the number of suites that would be sold as well as the price of such suites, the possible income and expenditure of park events, the operating income (including rights that can potentially be sold by the operator) and cost, staff costs, and repairs and maintenance.

Following the application of the business model assumptions and risk factors, the financial modelling process resulted in seven different financial models (five models, two with sub-categories). These models are described in detail in the full technical report.

Conclusions drawn from the process

The risk evaluation undertaken as part of the reporting process highlighted the fact that all models with a high level of City involvement will result in a lower level of risk. This includes model 1 (the City as an operator, with anchor tenant(s)) and model 5 (alternative model – public/private partnership or municipal entity).

Model 4A (the City as an operator, with no anchor tenant) also shows lower levels of risk, but the lack of financial stability ensures a higher level of risk than model 1 and model 5.

The conclusion relating to these financial models for each scenario is that only models with a premium anchor tenant would result in possible medium-term revenue generation and cost recovery.

More than a pitch: The 55 000-seater Cape Town Stadium offers much more than an exceptional venue for rugby or soccer matches. Existing facilities within the stadium include 250 suites, an 1 800 m² conference hall, TV studios, a medical centre, 530 toilets, and basement parking for 1 170 vehicles. Close proximity to the city centre and excellent transport links – including dedicated MyCiTi stations – make it extremely accessible.





Concert pitch: One of the first big international acts to perform at the stadium was U2. The mega-group's international 360° Tour featured a 190-ton revolving stage. Other performers at the stadium have included Coldplay, The Eagles, Kings of Leon and Neil Diamond. Most of these events were sold out. Groups that will be performing in the near future include the Red Hot Chili Peppers and Bon Jovi.

The financial modelling also highlighted the need for full commercialisation of the stadium in order to create the environment for possible revenue generation and/or cost recovery, and most effective cost control.

The full commercialisation of the stadium and the maximisation of potential revenues would in turn rely on a governance model that would allow for the business flexibility required to operate a major stadium. As such, the commercially restrictive provisions of the MFMA and its impact on the various business models were carefully considered during the process.

A proposed solution: A mixed-management model

After all the models and scenarios were analysed, the business analyst proposed to the City that it consider a mixed-management model (model 5) of stadium governance and management (with primary and secondary anchor tenants) at Cape Town Stadium.

The 'public' entity would be the City, and the 'private' entity could, in terms of legislation, be a public company, a private company, a non-profit organisation, a business partnership or a sole proprietorship.

In terms of the contract between the City and the external organisation, there would be a requirement to establish an anchor tenant management committee to manage the business relationships between the primary and secondary anchor tenants and the City, and among the anchor tenants themselves. This would be effected by means of an agreement.

The agreement could, among others, regulate the following matters:

- Rights of use of the stadium
- Event scheduling rights and processes – including priority scheduling for primary anchor tenants
- Stadium rental payments (including agreed gate percentages)
- Commercialisation matters
- Stadium ticketing and access control matters

- Use of office and parking space within the stadium
- The proposed model is flexible and can be modified by the City to incorporate a medium or long-term model.

It is envisaged that, from a City oversight perspective, the Executive Director: Tourism, Events and Marketing would oversee the performance and implementation of the preferred model, as decided by the City Council when it considers all options, including the comments and submissions made during the public participation process as set out in the Municipal Systems Act (MSA).

In short, the recommended mixed-management model would allow for the essential levels of dynamic, risk-taking and flexible business management that would be required for the successful commercial leveraging of the stadium and park.

There are no operational success guarantees in what is worldwide a challenging area of large sporting facility ownership and management. However, the business analyst was of the view that, from a pure business risk management, legacy and sustainability perspective, there is merit in the City adopting the mixed-management model for the future governance and management of these key assets.

The business analyst has recommended that the City, pending completion of the legislative processes in connection with its preferred business management model, retain its current stadium management team.

It is anticipated that the required statutory processes would take 24 to 36 months to complete.

Current restrictions regarding property

When the City, as a 2010 FIFA World Cup™ host city, planned Cape Town Stadium and Green Point Park, the entire precinct was subject to a complete re-design. This process involved an intensive public participation programme, and resulted in a Record of Decision (RoD) by the Western Cape Government that clearly laid out the permissible (and restrictive) uses of the Green Point



precinct (which incorporates the stadium, park and the public space leased to various sporting codes and clubs).

Cape Town Stadium

The current permissible uses of the stadium in terms of the RoD and City of Cape Town land use zonings cover four main areas (detailed in the panel below):

- **Bowl events:** Events held within the stadium bowl itself and on the pitch, such as sporting events and public gatherings, and the related food, beverage and merchandise sales
- **Non-bowl events:** Events held within the stadium, but not using the pitch, such as conferences and public gatherings, and related sales

- **Stadium facility activities:** Events that make use of stadium facilities and cover a very wide range, from gatherings, to sports science facilities, catering, merchandising and educational facilities.
- **Stadium event activities:** Activities linked to events at the stadium, and include coaching, tourism-related activities, catering and merchandising

Public spaces:
Permissible uses for Green Point Park include many types of outdoor events and public gatherings.

Remainder of erf 1056, Fritz Sonnenberg Road

In terms of the RoD, this can be used as a place of assembly, including passive and active social, cultural and recreational activities; place of instruction, including City-approved passive and active educational, sporting and recreational activities; shops – informal

Activities currently permitted at Cape Town Stadium

The original and current permissible uses of Cape Town Stadium in terms of the Western Cape Provincial Government's Record of Decision and City of Cape Town land use zonings are as follows:

Bowl events: All sport and recreational activities; sport and recreational entertainment; screening of sport and recreation-related films; public gatherings, including religious, political and cultural gatherings; food and beverage sales; merchandising sales, and catering and restaurant facilities.

Non-bowl events: Conferences; exhibitions; corporate events, including marketing events, product launches, team-building exercises, annual functions, shareholder functions, media briefings, etc.; registration point and start/finish venue of events such as the *Cape Argus* Cycle Tour and Two Oceans Marathon; screening of sport and recreation-related films; public gatherings; food and beverage sales; merchandising sales, and catering and restaurant facilities.

Stadium facility activities: Fitness and wellness centre(s) – gymnasium, health spa, etc.; high-performance sports centre and associated facilities, including offices, kitchen and dining facilities, an indoor sprint track and small-scale accommodation facilities directly associated with the sports centre; an operating theatre and medical facilities linked to the sports centre, including a recovery

centre, sports science and sports medicine offices, and sports and recreation-related educational facilities; stadium administration offices; stadium sponsor's merchandising/service outlet; team recreational/technical areas; indoor training facilities; conference and exhibition facilities; public meeting rooms; tourism offices and facilities, cycle hire, etc.; tourism adventure facilities; indoor sports areas, e.g. a bowling alley; a sports museum; food and beverage sales areas linked to approved activities; restaurant facilities linked to approved activities; catering facilities linked to approved activities; merchandising facilities, linked to approved activities; third party offices linked to approved uses; outsourced in-stadium kitchen facilities linked to approved uses; sports fan merchandising store, and paid parking areas linked to approved uses.

Stadium event activities: Organised commercial sports coaching and training; indoor and outdoor hospitality activities, e.g. hospitality villages; informal trading; stadium-related tourist activities such as professional and general public tours, cycle hire, and tourism adventure activities; food and beverage sales linked to approved activities; restaurant(s) linked to approved activities only; catering linked to approved activities only, and merchandising sales linked to approved activities only.



Natural heritage:
The park includes a biodiversity garden, which showcases the indigenous flora of the Cape Town area in an accessible and informative display. The park's water is delivered via a 5,2 km pipeline from the Oranjezicht springs – the city's original water source. An eco-centre, which will add to the educational value of the park, and a 'green' café and tearoom are planned.

trading and open-air markets only; food and beverage sales, linked to approved activities, and restaurant(s), including tearooms, linked to approved activities only.

Green Point Park

The permissible uses of the park include the following:

- **Events-based park activities:** Allows for many types of outdoor events, such as concerts, exhibitions and shows, as well as educational, leisure and hospitality events and informal trading.
- **General park facility activities:** Allows for sporting activities in a 43 ha area that includes playing fields, management offices and ablutions; a 12,5 ha public park, tearoom, pedestrian and cycle paths, as well as picnic facilities, outdoor gyms and parking.

On 5 April 2011, an amendment was made to the Record of Decision, which added the following permissible uses to Green Point Park in terms of facilities: shops in an open-air serviced facility of appropriate scale and limited to 500 m² per shop; plant nursery; informal trading stalls; tearoom linked to location and approved public space/event-related activities only; restaurant linked to

location and approved public space/event-related activities only, and a picnic facility.

Commercial activities within the stadium and the number of events that may be hosted are restricted. Only event-based retail activities are permitted.

The uses within the park are also currently very restrictive and tightly controlled.

Recommendations regarding property

Green Point Park

The report proposed that the current and new structures required for the park would be limited to the following permissible structures:

- Eco-centre
- 'Green' café
- Tearoom

These are limited to the park, and, for the foreseeable future, no further development is envisaged.

From an events perspective, current RoD and City land use approvals for the park permit the erection of temporary event infrastructure. However, this is still subject to, and governed by, the City's normal approval

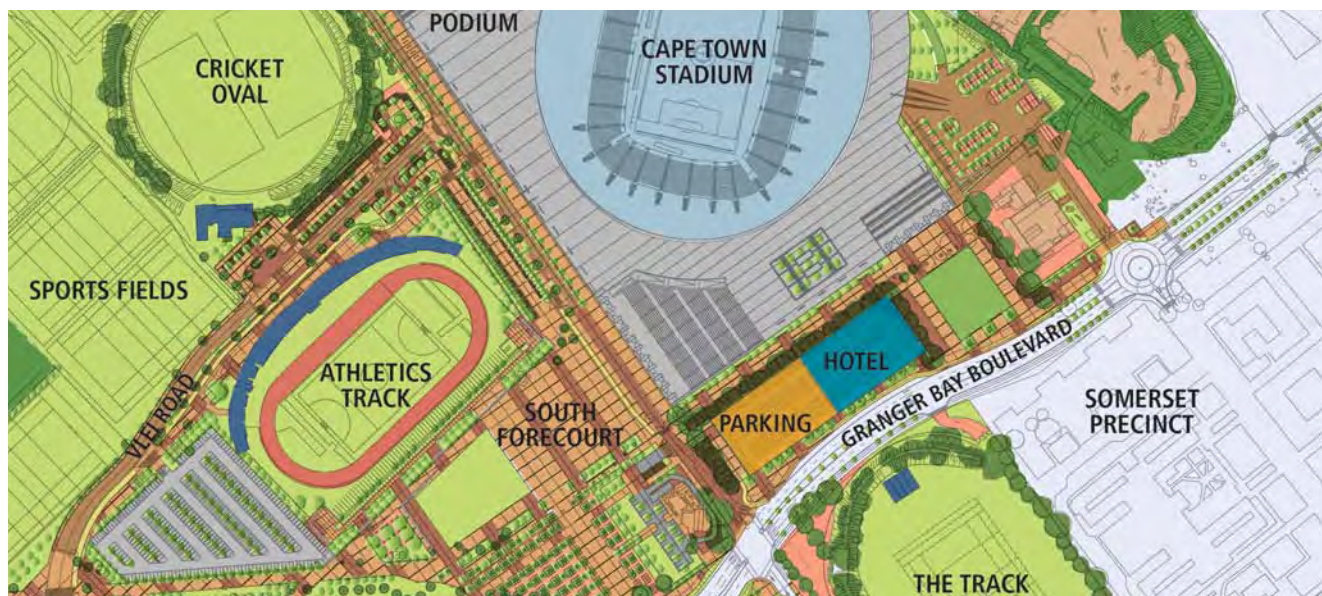
Activities currently permitted at Green Point Park

The original and current permissible uses of Green Point Park in terms of the Western Cape Provincial Government's Record of Decision and City of Cape Town land use zonings are as follows:

Events-based park activities: Outdoor events, e.g. small concerts, art exhibitions, dog shows, show-jumping, flower shows, etc.; sporting code event activities; environmental education facility; outdoor lecture facilities; informal trading, including flower-selling; temporary rental of park facilities for film and advertising shoots; indoor and outdoor hospitality activities, e.g. hospitality villages; food and beverage sales linked to event-related approved activities; restaurant(s) linked to public space/event-related approved activities only; catering linked to public space/event-related approved activities only, and merchandising sales linked to public space/event-related approved activities only.

General park facility activities: Accommodation of sporting

codes, 43 ha in extent, including playing fields, management offices and ablutions; public park for general public use and enjoyment, 12,5 ha in extent; public tearoom, can be hired; public hiring facility, bicycles and paddle boats, etc.; pedestrian and cycle paths; picnic facility, can be hired and picnic basket sales permissible; environmental education facility, building of an appropriate restrictive scale allowed; outdoor gym equipment for general public use; active public recreation areas, such as a skateboard park, adventure activities, cycling areas, jogging areas, a putt-putt course, etc. (no buildings permitted); passive recreation areas – places of public assembly, places of instruction, chess-playing areas, card-playing areas, reading areas, etc.; temporary and permanent parking related to approved activities; display of outdoor advertising material promoting the stadium and park and associated activities; park management offices, and public ablution facilities.



process for events permits and the City's bylaws.

Cape Town Stadium

With regard to the stadium, many revenue-generating activities are prohibited. The business analyst report has identified a number of possible solutions to the current restrictive RoD and land use zonings.

These will involve the City's submission of formal applications of amendment to the existing RoD and land use zonings in terms of applicable City planning legislation and any City-approved property development of the stadium and park business modelling. This will in turn involve the sourcing and submission of all environmental management systems (EMS) and plans to the Western Cape Government.

The identified property development-related opportunities for the stadium and stadium precinct (excluding the park) are as follows:

Currently permitted

- Suites and related hospitality lounges (essential in order to attract a premium anchor tenant)

- Gym
 - Entrance foyer
 - Visitors' centre
 - Bulk waste management area
- Currently permitted, but related to events/stadium business only (other usage would require environmental and town planning applications)*
- Parking under podium and in stadium embankment
 - Offices
 - Conference facilities
 - Kitchen facilities
 - Kiosks on podium and level 6 of stadium
 - Banquet facilities
 - VIP blind suites
 - VIP hospitality lounge and foyer
 - Liquor and beverage distribution area
 - Conferencing and banqueting facilities
- Currently not permitted and for which rezoning applications would be made*
- Small retail spaces
 - Stand-alone restaurants, coffee shops, sports bars and late-night venues

Potential future development:

A proposed commercial building and a parking garage – both four storeys high – in what is currently an open-air parking area alongside Granger Bay Boulevard have been recommended. The commercial building could be developed as a sports science centre, hotel or offices. The parking garage would cater for the increased parking demand, and will replace parking bays lost due to commercialisation of space within the stadium structure.

How will the proposed changes affect residents?

What are the financial implications?

Making more effective use of the stadium and its surrounding facilities will reduce the cost to the City of managing and maintaining those facilities. This will reduce the burden on ratepayers, and free up funds that could be better used elsewhere.

Why does the land use and zoning have to change?

At present, most commercial activities can only be held where they are linked to certain types of event. Changing this would allow development of more sustainable commercial enterprises.

Why would commercial activity be a benefit?

Apart from contributing to the cost of maintaining the stadium and precinct, it will make a superb yet

severely underutilised area more vibrant, and will attract investment and opportunities.

What will it mean in terms of noise, traffic and other impacts?

Very little. Planned activities will be sited to take advantage of the excellent transport infrastructure around the Green Point precinct, and will not affect neighbouring residents any more than the commercial activity along the Main Road.

Will it lead to more development and building?

Only the planned four-storey commercial property and parking alongside the stadium on Granger Bay Boulevard (which is a commercial area, not a residential one), and the 'eco-centre', tearoom and café in the park.

Introduction



The past two decades have seen an exponential growth in the numbers of large modern sports and recreational stadia and venues across the world.

This growth has been driven by the increasing demands of international sports rights holders, such as the International Olympic Committee (IOC), Fédération Internationale de Football Association (FIFA), the International Rugby Board (IRB) and the International Cricket Council (ICC) in respect of the hosting of the IOC Olympic Games™, FIFA World Cup™, IRB Rugby World Cup™ and ICC Cricket World Cup™.

However, after the hosting of these major events, the owners and operators of newly constructed sport and entertainment facilities – mainly national, provincial and local governments, such as the City of Cape Town – are confronted with the harsh realities of the extremely competitive major stadium environment. The running costs of modern, technically advanced stadiums are substantial, and it has been proven untrue that “if you build it, they will come”.

The City of Cape Town’s iconic 55 000-seater legacy stadium, which was built for the 2010 FIFA World Cup™, is no exception to this reality.

Stadium owners have been forced to base and/or reassess their traditional stadium management structures and event delivery models, and take a broader view of the spread of products and services that are likely to be required at their facilities.

Directly related to the current trend of new stadium

builds and the continuous improvement of existing facilities is stadium owners’ strategic focus on more professional stadium governance and management models.

The last two decades have witnessed a massive worldwide increase in the commercialisation and marketing of major sports stadiums. The last decade has also seen a trend of public funders and owners of such stadiums, for a variety of reasons, taking back control of their assets from major sporting codes.

Background and lead-up to the business planning process

In the last quarter of 2009, following a tender process, the City of Cape Town appointed SAIL/Stade de France Operating Company (Pty) Limited (SSOC) – a joint venture between a large local sports and entertainment marketing company and the management company of the Stade de France Stadium in Paris – to manage Cape Town Stadium and Green Point Park. For various reasons, the contract was terminated as of 1 December 2010, and the City itself took over the management of the stadium.

At the same time, the City authorised the appointment, by tender, of an experienced stadium business analyst (‘the business analyst’) with both local and international experience to provide guidance on a viable and effective business model for the running of the stadium. This report contains the business analyst’s findings and recommendations.



Owners and operators are confronted with the harsh realities of the extremely competitive major stadium environment. Cape Town’s stadium is no exception to this reality.



Figure 1: Green Point common and urban park, Cape Town Stadium and surrounds

Cape Town Stadium – the current operational realities and the City’s response

Due to certain challenges, the City has had to revisit its original decisions regarding the governance, operational management and land use of the Greater Green Point Urban Park (which includes the entire stadium precinct, including Green Point Park). The reasons for this are many. Cape Town Stadium and the park operate in an extremely fluid external environment. Its current operations are faced with, among others, the following challenges:

- Globally, there is a prolonged economic recession, a situation that has worsened many socio-economic factors inherent in the fabric of Cape Town society.
- There is an extremely competitive stadium business environment between 2010 FIFA World Cup™ host cities in South Africa.
- Against both international and domestic norms, the property on which Cape Town Stadium and Green Point Park are situated is subject to very restrictive land use zoning as far as commercial use is concerned.
- Greater Green Point Urban Park is subject to a restrictive municipal legislative framework, which does not accommodate the business flexibility required to commercially leverage this R4,5 billion asset, which has to operate in an already competitive international and local stadium business market.
- There is constant civic scrutiny of all permissible commercial event activity at Cape Town Stadium and the park.
- The operator (initially SAIL/Stade de France, and, since December 2010, the City of Cape Town) has been unable to attract a premium anchor tenant to Cape Town Stadium.

Following the decision to award the 2010 FIFA World Cup™ to South Africa, and Cape Town Stadium being proposed for the Greater Green Point Urban Park, the entire Green Point precinct was subjected to a complete urban re-design philosophy. This process incorporated a vigorous public participation programme.

Time constraints, due to the urgent need to start construction of Cape Town Stadium in order for the City to meet its 2010 FIFA World Cup™ obligations to National Government and contractual obligations to the 2010 Local Organising Committee and FIFA, had an impact on the final design outcome and commercial rights granted to the Greater Green Point Urban Park property.

During the original 2006 provincial Record of Decision (RoD) process, compromises were made by the City regarding permissible commercial uses of the property. This was in order to enable the stadium, the construction programme of which was already six months behind the other major 2010 stadium builds across the country, to be completed in time to be a

semi-final venue for the tournament. This construction included re-building of the Cape Town Stadium precinct in terms of FIFA contractual specifications.

At the time, it was recognised by the City that, after the 2010 event, there would be sub-optimal use of the stadium and its immediate precinct from a commercial perspective. It was also acknowledged by the City, in a cost-benefit analysis undertaken at the time, that unless the City sourced a ‘substantial and guaranteed external subsidy’, the stadium would constitute a significant future financial burden on Council.

It was also argued at the time that, financial considerations aside, Cape Town Stadium and Green Point Park would represent a ‘green jewel’ with extraordinary potential for use by, and the benefit, of all Capetonians in terms of both local and international tourism and civic pride. With the benefit of hindsight, the City and Provincial Government of the Western Cape’s decision makers undoubtedly did not foresee the extent of the prolonged economic recession, which has had a marked financial impact on the Greater Green Point Urban Park, on the City, and on its ratepayers.

It is widely recognised that there is currently significant financial potential for the commercialisation of Cape Town Stadium and its precinct beyond that which is being operationally undertaken by the City and stadium management. As such, the stadium and the park do not represent the best value to the City and its ratepayers in their current form. This is both from a financial and a social perspective.

As a result of the original compromises made at the time of the 2006 RoD process, the existing RoD stands as arguably the single biggest obstacle to the effective commercialisation of Cape Town Stadium and Green Point Park. It is to this end that a procured business analyst report has explored the proposed relaxation of certain of the more commercially restrictive provisions of the existing RoD for the property on which the Greater Green Point Urban Park is located. It has also explored various possible commercial property development opportunities both inside the stadium structure itself and in its immediate precinct.

Termination of the independent operator mandate

On 27 October 2010, the Council of the City of Cape Town ended its contractual relationship with its appointed independent stadium operator, SAIL/Stade de France (SSOC), which had been appointed almost two years previously to:

- assist the City with the management of the stadium in the lead-up to, during and immediately after the 2010 FIFA World Cup™;



Against both international and domestic norms, the property on which Cape Town Stadium and Green Point Park are situated is subject to very restrictive land use zoning as far as commercial use is concerned.

- enter, with effect from 1 November 2010, into two 30-year long-term leases in respect of Cape Town Stadium and Green Point Park; and
 - operate, for its own account, the stadium and park.
- A number of legal, land use, administrative and financial factors led to the decision to end the contract. The termination date of the agreement between the City and SSOC was 1 December 2010.

Assumption of stadium management control by the City

The SSOC management team withdrew from Cape Town Stadium during December 2010. With effect from 1 December, and as an interim measure, the City re-deployed its 2010 operations team, and mandated it to operate the stadium and Green Point Park.

The status quo on assumption of control by the City

The day-to-day management of Cape Town Stadium and Green Point Park was assumed by the City on 1 January 2011. Given the timing and sudden departure of SSOC, this was no easy task for the City and its deployed officials. The primary operational risks included those relating to human resources, business planning and operational responsibilities.

The City of Cape Town response

At the same time as its decision to end the relationship with its independent stadium operator, SSOC, the City authorised the appointment, by tender, of an experienced stadium business analyst ('the business analyst') with both local and international experience.

It was intended that the business analyst would professionally advise the City regarding the future 'legacy' of Cape Town Stadium and Green Point Park.

The primary mandate of the business analyst was to develop a workable and financially viable business case and plan for the R4,5 billion stadium and R560 million park, specifically developed by the City, with National Treasury financial assistance, as a host venue for the 2010 FIFA World Cup™.

In late September 2011, after a long and comprehensive tender process, **International Risk Mitigation Consultants (Pty) Limited (IRM)** was appointed as the business analyst.

IRM is a local and internationally recognised provider of specialist legal, technical and risk consulting services to the sporting and recreational sector. Its managing director and core principal consultant is Patrick Ronan (BA LLB Wits). Recent relevant experience included its provision of:

- specialist 2010 FIFA World Cup™ technical and legal compliance services to six host cities, including the City of Cape Town;
- FIFA technical compliance and project risk services to seven of the 2010 FIFA World Cup™ stadium build and upgrade projects, including Soccer City (Johannesburg), Cape Town Stadium, Moses Mabhida

Stadium (Durban), Nelson Mandela Bay Stadium, Ellis Park Stadium, Peter Mokaba Stadium (Polokwane) and Royal Bafokeng Sports Palace (Rustenburg);

- 2010 FIFA World Cup™-related urban precinct renewal projects for the Johannesburg Development Agency, including the NASREC (Soccer City precinct) and Greater Ellis Park urban upgrade projects;
- specialist legislative drafting consultancy to the National Department of Sport and Recreation (as architect and lead drafter of the Safety at Sports and Recreational Events Act 2 of 2010); and
- specialist technical consulting to the English Football Association (England 2018/2022 Bid Company).

In its winning bid, IRM had assembled the leading project-specific professional stadium business analyst consultants in the country, with specialist international stadium advisory assistance, to undertake the required mandate of the City. These included the following:

- **PKF (Cape Town) Inc.:** The Cape Town arm of a leading international audit and financial services company, represented during the project by Heleen Goussard (CA (SA), CFA), who has extensive City of Cape Town Auditor-General audit and MFMA-related experience.
- **PDNA (Cape Town):** The Cape Town office of PD Naidoo & Associates (Pty) Ltd, one of the top five consulting engineering companies in South Africa. PDNA was principal for the Ellis Park Stadium upgrade for 2010 FIFA World Cup™ and the 1995 IRB Rugby World Cup™, and consulting civil engineers to the Soccer City and Moses Mabhida stadium projects. The company was represented during the project by Johan Brandt (BSc in Building Science), a registered 'green building' practitioner.
- **Wembley Consulting:** A specialist international major stadium consulting arm of Wembley Stadium Limited. It was represented during the project by senior consultant, the late Stuart Dalrymple.
- **Tsamaya Marketing (Pty) Ltd:** A Johannesburg-based sports marketing, communications and events company, represented during the project by Ian Riley (BA LLB), former tournament director of the 1996 FIFA CAF Cup of Nations™, logistics director of SAFA's 2010 Bid Company, and technical director of English FA 2018/2022 Bid Company.
- **Adam Brown (BEd – Liverpool):** Former head of MATCH Services, FIFA's World Cup commercial arm, in South Africa, and a veteran of four FIFA World Cup™ tournaments with specialist skills in sports eventing, hospitality and event ticketing.
- **Allen Kruger (MComm):** A leading South African-based sporting code and major stadium commercialisation and marketing specialist, former marketing manager of the KZN Sharks professional rugby franchise, general manager of Kings Park Rugby Stadium, and marketing manager of SA Rugby. He was also technical consultant to the City for the Cape Town Stadium build.



The day-to-day management of Cape Town Stadium and Green Point Park was assumed by the City on 1 January 2011. Given the timing and sudden departure of SAIL/ Stade de France, this was no easy task for the City and its deployed officials.

The report – methodology, models and recommendations

The City clearly set out what it required from the appointed business analyst as far as the development of the business model for Cape Town Stadium was concerned. This included:

- a consideration and development of five possible future stadium governance and business models that could be deployed at Cape Town Stadium (with reference to best international and local practice);
- a consideration of the pros and cons of the five stadium business models; and
- a recommendation of a preferred governance, management and business model for the stadium (in the best interests of all of the residents of Cape Town).

In short, the City wanted to look at what corporate governance structure and organisational form would make the most sense to manage, either separately or with stakeholder or shareholder assistance, in the short, medium and long term.

The business analyst had to assess which of the possible business models had the potential to generate sufficient revenues, based on current Cape Town Stadium and Green Point Park income streams, and the various options to maximise these revenues.

There also had to be a consideration of possible future and sustainable income streams that the City could include in order to recover the cost of the operation of the stadium and park (loss minimisation) with a view to the possible generation of surpluses (revenue maximisation). This income would be both to cover costs and reward stakeholders for making use of the stadium and park (through events, office rental, functions, conferences, etc.).

Research and benchmarking

In essence, the business methodology employed for this project, following on-site project establishment, involved, among others:

- a detailed documentary and information review process of the historical Cape Town Stadium and Green Point Park operations;
- a comprehensive analysis of the historical and current financial position of the stadium and park;
- detailed fact-finding-based research relating to major domestic and international sports and entertainment venues;
- benchmarking of the stadium and park against best domestic and international practice in the areas of modern stadium governance, management and business modelling; and
- in-depth interviews and work sessions with operating staff of the stadium and relevant City of Cape Town officials.

Report preparation

The business analyst followed the research, fact-finding and benchmarking process by preparing comprehensive reports relating to the development of the business case and the five possible future business models for Cape Town Stadium and Green Point Park.

The sub-reports (which were constantly amended and updated throughout the project period) formed the basis for the final business analyst report, entitled 'Business Model for Cape Town Stadium and Green Point Park', and were as follows:

Report title	Report date
1. <i>Status quo report</i>	7 October 2011
2. <i>Property development and environmental zoning report</i>	17 October 2011
3. <i>Eventing and hospitality report</i>	17 October 2011
4. <i>Finance report</i>	17 October 2011
5. <i>Analysis of the pros and cons of the five business models and recommendations</i>	17 November 2011
6. <i>Commercialisation report</i>	16 November 2011
7. <i>Brand, marketing and communications report</i>	9 December 2011
8. <i>Summary of recommendations of Cape Town Stadium business analyst report</i>	30 January 2012
9. <i>Draft final report – 'Business Model for Cape Town Stadium and Green Point Park'</i>	30 January 2012
10. <i>Final report – 'Business Model for Cape Town Stadium and Green Point Park'</i>	16 March 2012

Consideration of contemporary international stadium and governance models

As part of the benchmarking component of the Cape Town Stadium and Green Point Park business planning and modelling process, a number of appropriate international stadium governance and management models were considered.

Consideration of international business models

The following aspects of the management models of major international stadia where there has been significant investment by local and/or national government, as was the case with Cape Town Stadium, were considered:

- Multiple-tenant/hirer use of stadia
- Changing use requirements of tenants/hirers over the anticipated lifespan of a stadium
- The historical self-centred stadium governance



In short, the City wanted to look at what corporate governance structure and organisational form would make the most sense to manage, either separately or with stakeholder or shareholder assistance, in the short, medium and long term.

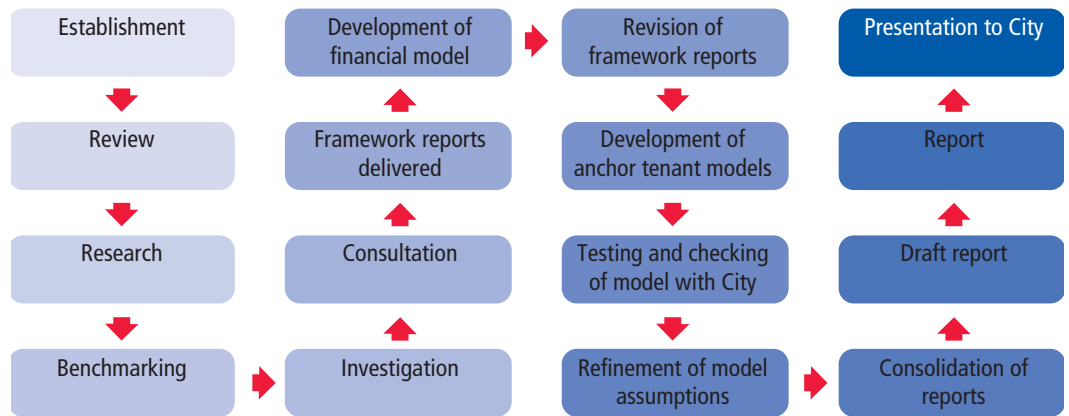


Figure 2: The business modelling process

The consideration of international business models included the important aspect of accountability to the residents of Cape Town.

- approach of certain major sporting codes in Europe, and their failure to maintain their leased stadiums
- The international trend over the past decade towards the appointment of independent governance entities to manage major city-based stadia
- Accountability to the City of Cape Town and its residents

- The need for financial transparency regarding the business operations of a stadium
- Flexible and fair user access to major stadiums
- An operational emphasis on ongoing investment in facility maintenance and future upgrades of stadium infrastructure, in order to extend its economic and operational lifespan.

The cornerstones of the business planning process

The Cape Town Stadium business planning process was based on the following factors:

- Financial viability
- The consideration of the City's best interests from a commercial and social development point of view
- Sustainability
- Practicality, i.e. no 'pie in the sky' approach
- Provision for the possibility of 'quick wins' on the stadium management and operations front
- Alignment, where possible, with the strategy and vision of the City's Integrated Development Plan (IDP)
- Compliance with municipal, provincial and national legislation
- Protection and enhancement, at all times, of the City's financial, commercial and associated interests in Cape Town Stadium

Methodology and criteria used to evaluate the client-stipulated business models

The five business models (two with sub-categories) considered by the business analyst, as specified by the City of Cape Town, were as follows:

- Model 1: City as operator, with anchor tenant
- Model 2: Independent operator, with anchor tenant
- Model 3: Anchor tenant as operator
- Model 4A: City as operator, with no anchor tenant
- Model 4B: Independent operator, with no anchor tenant
- Model 5: Analyst-proposed mixed-management model
 - Public/private partnership; or
 - Municipal entity

These are depicted in table 1 below.

In the original technical brief to the business analyst, the City of Cape Town specified certain areas of investigation and evaluation for each of the possible business models. The team of consultants used these as guidelines during the process of international and national research, as well as during the model evaluation process.

Key assumptions were identified and developed, and applied across the five possible business models. Finally, certain risk factors were identified, which distinguished the different models in the different operational areas. These risk factors were then evaluated for impact, and each model was given a total risk score.

	City of Cape Town management	Independent operator/anchor tenant	Most economically viable anchor tenant	Association with strong anchor tenant brand	High spectator numbers
Model 1	•		•	•	•
Model 2		•	•	•	•
Model 3		•	•	•	•
Model 4A	•				
Model 4B	•				
Model 5			•	•	

Table 1: Evaluation of the different models

Assumptions applied across all possible business models

Business model scenarios 1–5: Development of assumptions

The report assumed that, under an optimum revenue model, the number of events held with an anchor tenant would be consistent across all models, as would the additional events that could be held by other tenants with whom a contract had been concluded.

However, if no anchor tenants are contracted, or the anchor tenant becomes the stadium operator, an alternative events calendar had to be developed, which is indicative of the optimum revenue model under these constraints. The development of the events calendar will take a number of years.

The resultant final events calendar is indicated in table 2 below.

The estimated attendance of these events per anchor tenant is depicted in tables 3 to 8 below.

The costs of compliance with the Municipal Finance Management Act

The costs of compliance with the Municipal Finance Management Act (MFMA) under certain of the models have been estimated as follows:

- Firstly, an additional cost for auditing and administration was included, in the amount of R100 000.

Event type	MODEL						
	1	2	3	4A	4B	5A	5B
Bowl events – tenant football	15	15	15	15	15	15	15
Bowl events – rugby	19	19	19	–	–	19	19
Bowl events – Big Concerts	5	5	5	5	5	5	5
Bowl events – bought-in events	3	–	–	3	–	3	3
Bowl events – own events	1	–	–	1	–	1	1
Non-bowl events	145	145	37	145	145	145	145
Park events	52	52	52	52	52	52	52

Table 2: Events calendar for each scenario

Event type	ATTENDANCE		
	Low	Medium	High
Minor rugby	Three matches at 55%	Two matches at 70%	Four matches at 90%
Major rugby	Two matches at 60%	Two matches at 70%	Five matches at 90%
International rugby			One match at 95%

Table 3: Assumption – possible premium anchor tenant (WPRFU)

Event type	ATTENDANCE		
	Low	Medium	High
Minor football	Ten matches at 15%	Two matches at 20%	Three matches at 45%

Table 4: Assumption – Ajax Cape Town FC

Event type	ATTENDANCE
	High
Major music concerts	Five concerts at 75%

Table 5: Assumption – major music concerts

Event type	Tier 1	Tier 2	Tier 3
Minor rugby	95	75	65
Major rugby	150	120	90
International rugby	950	550	300

Table 6: Possible ticket prices for rugby matches, in rands

Event type	Tier 1	Tier 2	Tier 3
Minor football	45	35	30

Table 7: Possible ticket prices for football matches, in rands

Event type	Tier 1	Tier 2	Tier 3	Premium seating	Golden circle	Field standing
Major concerts	400	200	100	975	650	450

Table 8: Possible ticket prices for major concerts, in rands

- Secondly, additional staff were provided for as follows:
 - Additional procurement personnel
 - Additional administrative staff member
 - Increased cost of the financial manager, as he/she would need to have specialist knowledge of the MFMA

Salaries and wages

The cost of salaries and wages is consistent across all of the models. The costs have been estimated using the current staff complement and costing, adjusted for the increased activity that is expected under the optimum commercial model.

Repairs and maintenance

Repairs and maintenance is consistent across all models, and has been calculated using the current repairs and maintenance service providers' contracts.

Operational expenditure

Operational expenditure is consistent across all the models and has been calculated using the current expenditure as well as comparable expenditure from other stadia.

Anchor tenants

In the scenarios where anchor tenants are included, the following anchor tenants have been considered:

- Western Province Rugby Football Union
- Ajax (Cape Town) Football Club
- Big Concerts

Since the drafting of the report, the possibility of an additional anchor tenant, Chippa United FC, has been considered by the City. However, as they were not included in the original business and financial modelling process, they have not been included in the underlying assumptions for the purposes of this document. This does however represent a future potential revenue stream for Cape Town Stadium.

The possible anchor tenants have been initially included for the following years:

- Western Province Rugby Football Union – 2015
- Ajax (CT) Football Club – 2012
- Big Concerts – 2012

Capacity of Cape Town Stadium

The report assumed the capacity of the stadium to be

Type of right	Current value	Year of inclusion
Naming rights	20 000 000	2012
Founder members	20 000 000	2013
Preferred suppliers	16 000 000	2012

Table 10: Values of intangible inventory

Number of seats	Annual price – rugby	Annual price – football
1 181	5 000	2 000

Table 11: Values of business club seats

current capacity, including the temporary seating. The current seating plan has been used to classify seats for pricing purposes.

The number and capacity of suites

In order to construct an optimum revenue model, the report assumed that the proposed additional suites are built in the stadium, and that the capacity of the suites is extended. This would result in total premium seating capacity of 6 900 seats.

It has been assumed that the suites would be sold separately for rugby and football at the values in the 2012 year depicted in table 9. The values are escalated yearly and included at the value at the time when a specific anchor tenant becomes active.

For each of the anchor tenant event types, a percentage occupation for suites has been estimated from the year in which it becomes an anchor tenant to the end of the 20-year period.

Event type	Price per suite (R)
Rugby	6 500
Football	1 000

Table 9: Possible prices for suites

Escalations

The expenditure and income have been escalated at 7% per annum over the 20-year period.

Rights inventory pricing and inclusion

The values established in the report for the intangible inventory that can be sold by the stadium are contained in table 10 below. The prices have been established in current value, escalated every year. The rights income has been included in the model from the year as indicated in the table (except for pouring rights – exclusive beverage distribution rights – which are discussed below). Founder member rights have been halved when an anchor tenant is not obtained under scenario 4A and 4B.

Pouring rights have been estimated at 15 cents per person for alcoholic beverages and 10 cents per person for non-alcoholic beverages, with a flat fee of R1 000 000. The total income from this right is then calculated using the attendance and events calendar.

In the scenarios where anchor tenants are included, Western Province Rugby Football Union, Ajax (Cape Town) Football Club and Big Concerts were considered as anchor tenants. Since the drafting of the report, the possibility of an additional anchor tenant, Chippa United FC, has been considered by the City.

Number of seats	Season ticket – rugby	Season ticket – football
18 000	1 500	750

Table 12: Values of season tickets

Ticket type	Food spend	Beverage spend
Normal ticket – rugby	20	20
Normal ticket – football	10	10
Normal ticket – concerts	28	29
Business club – rugby	30	60
Business club – football	30	60
Business club – concerts	60	60
Suites – rugby	n/a	60
Suites – football	n/a	60
Suites – concerts	n/a	60

Table 13: Estimated spending on food and beverages, per person, by event type

Business club seats

Estimations of current annual prices for the business club seats are indicated in table 11 opposite.

For each of the anchor tenant event types, a percentage occupation for business club seats has been estimated from the year in which it becomes an anchor tenant to the end of the 20-year period.

Season tickets

The total number of tickets that can be sold as season tickets, as well as the current annual prices for season tickets, were estimated as shown in table 12 above.

For each of the anchor tenant event types, a percentage occupation for season tickets seats has been estimated from the year in which it becomes an anchor tenant to the end of the 20-year period.

Food and beverage

The total food and beverage spend per person was estimated for each category of tickets sold, and the amounts were compared to current available information. This is shown in table 13 above.

This information was then used in conjunction with the attendance numbers as well as the events calendar already estimated. Catering for the suites was estimated separately using menus ranging from R200 to R250. Initially, the fee estimated for another party supplying catering services has been estimated at 10% of the total cost.

Property development

It was assumed, for the purpose of this model, that all property development options that contribute to the viability of the stadium would be implemented after a process of rezoning has been undertaken. This would optimise the usage of the stadium and limit the City's potential exposure to operational losses.

The property development is assumed to be funded from debt, which is repayable to the City over a period of 20 years. The cost of this funding is calculated at prime interest rate and included in the expenditure of the operator.

The timing of the implementation of the property development is dependent on both the process of rezoning as well as the development process. Accordingly, the timing of the development and the associated debt funding has been estimated as follows:

- Suites: Year – 2014
- Internal reconfiguration: Year – 2013
- Kitchens: Year – 2014

Park

The park is assumed to host the maximum number of events that is allowed within the limitation for use. The operational cost for the park has been estimated using the current running cost as budgeted and contracted for in the 2011/12 financial year.



The timing of the implementation of the property development is dependent on both the process of rezoning as well as the development process.

Assumptions per business model scenario

Scenario 1: City as operator, with anchor tenant(s)

In order to model the financial results of the above scenario, the following assumptions were made:

Rights

The following rights are the property of the stadium, and, as such, can be sold by the stadium operator for its benefit. This includes naming rights, founding partner rights, pouring rights, franchise rights, snack-food franchise rights, suite income, business club income, season ticket income, stadium advertising, stadium tours and merchandising. In the normal course of business, the stadium could expect to receive the income for its own benefit as shown in table 14. This has been excluded in calculating the income of the operator.

Type of income	Amount
Naming rights	7 000 000
Advertising income	8 000 000
Suite income	25 000 000
Business club income	5 000 000
Season ticket income	27 000 000
Total estimate	72 000 000

Table 14: Income from various rights

Food and beverage

The model assumes that the right to sell catering within the stadium is owned by the stadium. As such, the operator can opt either to supply the catering services itself or outsource the function to a third party, which would pay a fee to the operator for the opportunity to supply the services. For the purpose of this scenario, it has been assumed that the City as an operator will opt to supply the catering services itself, after an initial period of time during which it will need to outsource the service, as this will optimise the commercial income that can be earned.

It is important to note that, under the considered premium anchor tenant's current model, they are assumed not to supply catering services themselves. However, it is assumed that they sell liquor, and would thus maximise revenue on the sales of liquor, shown in table 15 below.

The events calendar, attendance and ticket pricing contribute to the projected income from events. The expenditure required to generate this income was projected by the consultant using similar experience. This amount was however not charged to the considered premium anchor tenant, as this would

Type of income	Amount
Liquor Sales	8 000 000

Table 15: Income from liquor sales

reduce its profitability.

The total profit and loss from non-tenant events was included in the income of the operator. This includes the total fees derived from non-bowl events.

The total fees from park events are included in the income of the operator, and the total cost of the park maintenance and operations is included in the expenditure of the operator.

The operational expenditure, repairs and maintenance, salaries and wages, and the cost of MFMA compliance have been subtracted from the operator income.

It is assumed that all the property development opportunities are activated.

Scenario 2: Independent operator, with anchor tenant(s)

In this scenario, it is assumed that an independent operator would choose to optimise the commercial potential of the stadium in the same way in which it was done by the City as an operator in scenario 1. An independent operator would however not be responsible for the additional cost that results from compliance with the MFMA, nor have the means to maximise the events calendar by buying in events.

Thus, using the results from scenario 1, the possible commercial gain to be made by an independent operator from operating the stadium can be estimated. This could serve as a basis for the negotiation of the fee that the City would receive, and that would be its sole income under this scenario.

Any possible future operators of the stadium would consider both the potential for a return, as well as the risk associated with the potential return. It is clear from past associations with stadium operators, as well as the sensitivity analysis below, that the commercial model, as projected, is subject to a very high level of risk. A further economic factor that influences the negotiations between operators and the City is the scarcity of skills in the area of stadium operation.

It is commercially difficult to determine under which circumstances an entity would be willing to accept such extensive risk for a return that is limited by market size and depth as well as the public nature of the services provided.

It is thus reasonable to assume that any operator would expect that the cost of the initial period of property and events calendar development would be borne by the City. This would mean that the operator would only accept operational risk once the anchor tenants have been secured, the public profile of the stadium raised, and the property development completed.

This would hopefully limit the levels of operational risk for the operator, and supply the operator with evidence of the economic viability of the operations.

Any possible future operators of the stadium would consider both the potential for a return, as well as the risk associated with the potential return.

Thus, it has been assumed under this scenario that the City is still responsible for operational losses until the operations at the stadium have been fully established in year 2016. A fee of one third of the surplus made by the operator has then been projected to be payable from the operator to the City. This amount has been escalated on a yearly basis. The fee amount is highly subjective, however, and will be the result of extensive negotiations between the two parties.

Scenario 3: Anchor tenant as operator

In this scenario, it is assumed that the anchor tenant would act exactly like any other independent operator in order to maximise the commercial potential of the asset. Once again, the same levels of risk that would be applicable to an independent operator would also be applicable to the anchor tenant as an operator – with the exception that the risk created by the fragile, long-term relationship between operator and anchor tenant is eliminated.

A similar process of negotiation would need to be followed with the anchor tenant. However, as the commercial viability of the enterprise is dependent on the very tenant one would be negotiating with, it is reasonable to assume that this scenario would result in a reduced fee to be paid to the City. It has also been assumed that the initial period of development would be funded by the City. For the purposes of this model, it has been assumed that a fee of 20% of ticket sales will be payable by the anchor tenant to the City.

Scenario 4A: No anchor tenant, with City as operator, or Scenario 4B: No anchor tenant, with independent operator

This scenario results in two separate models, one in which the City is the operator, and one in which an independent operator is appointed to run the stadium.

In the scenario in which the City is the operator, all the assumptions that were made in scenario 1 would still apply, except for the fact that a different events calendar will be used, as detailed under the general assumptions. It is also assumed that the net surplus from the events will accrue to the operator.

In the scenario in which an independent operator is contracted, the situation is very similar to that which is experienced under scenario 2 (page 26). The following risks will however increase under this model:

- There is the risk that income will not be consistent, as the events calendar will not be guaranteed by the anchor tenants.
- As the model is not profitable, an alternative model of incentive has been applied, and allows for 10% of all income over R100 million as an incentive fee to the operator.

Scenario 5: Mixed-management model – 5A: Public/private partnership – 5B: Municipal entity

This model results in a similar financial scenario to scenario 1 (page 26), except for the exclusion of the MFMA costs.



Risk factors considered included the protection of fair access by the public to the stadium, and ensuring community-centred decision making.

Risk factors applied to each possible business model

Governance

Under the governance section, the various governance burdens of the different models were considered, as was the governance support given to the City of Cape Town by each of the specific models.

The factors considered included the following:

- The protection of City interests and assets afforded by the model
- The protection of fair access by the public to the stadium, and ensuring community-centred decision making
- Operational transparency to the City of Cape Town
- Inflexibility and the added burden of MFMA compliance
- The ability to combine private and public management advantages
- The amount of City resources that would be required to service the stadium

Financial

As part of the financial evaluation of risk, the following factors were considered:

- Whether the City would retain full control of stadium operations and finances

- The extent of the financial risk to the City, including to what extent the stadium running and maintenance costs would be underwritten or carried by the City
- Long-term financial issues, for example possible under-funding of stadium repairs and maintenance, which could result in a lack of asset preservation
- The availability of financial means to commercialise the stadium

Further differentiating factors from a finance perspective included:

- the possibility of the cost of event-day municipal support (e.g. metro police, traffic, fire, waste management, etc.) being managed more effectively; and
- the varying cost of obtaining specialist management due to the local shortage of such resources, which could differ between certain models.

Operations

Under this heading, the business analyst considered the critical factors that differentiated the operations of Cape Town Stadium between the different models. These included:

- the experience and expertise in event-day operation and event delivery;
- operational and cost containment;
- the development of scarce skills that will take place within the City;
- the City staff's familiarity with the original stadium technical development framework and suppliers; and
- the advantages and disadvantages of possible administrative independence from the City.

Events and hospitality

When considering the main income and revenue-producing activities of the stadium in events and hospitality, a number of factors differentiate the various models. For example:

- An anchor tenant provides an event base and access to the corporate market.
- A stadium operator that operates outside the structure and legal restrictions (MFMA) of the municipality will have more flexibility to engage in commercial activities.
- A commercial operator may also result in an increase in revenue due to a focus on revenue-generating events and active development of an events calendar.
- A stadium operator that is closely associated with the City of Cape Town will result in a higher degree of 'protection' of the stadium and the City's own Events Policy.
- A stadium operated by an operator that is closely associated with the City of Cape Town will also enable the City to bid for strategic events as a host city. Such an operator will also have the networking ability to take advantage of the City's existing and future partnerships.

Commercial

Differentiating factors in the commercial section include the following:

- An independent operator brings a higher level of credibility and expertise, which results in an enhanced ability to sell a commercial programme.
- Models more closely associated with the City offer the ability to take advantage of the City's buying power and customer base for sales and marketing purposes.
- Models more closely associated with the City have an ability to draw on various in-house services of the City.
- An anchor tenant will have certain commercial restraints. As such, an anchor tenant may dictate the stadium events calendar to the detriment of possible other profitable non-sporting events.

Marketing and communications

The factors that differentiate the various models in relation to marketing and communications include the following:

- A specific focus on Cape Town Stadium as part of the City of Cape Town's place marketing strategy
- Joint leveraging and co-operation between the City of Cape Town and Cape Town Stadium will cut marketing and communications costs
- Consistent and united public relations function
- Anchor tenants have the added advantage of increased media exposure through the number of events being staged on the annual calendar
- Independent operators have the advantage of more readily drawing expertise from the marketing and communications industry

Brand

The differentiating factors relating to brand and brand management are very similar to the closely related marketing and communications factors. These are as follows:

- The branding advantages of aligning the Cape Town Stadium brand with the City of Cape Town's place marketing brand
- A brand more closely associated with the City of Cape Town would have different brand equity and values to a brand developed by an external operator
- The stadium would need to be branded as a multi-purpose venue
- Brand created by default
- Brand dilution when the brand is competing with that of the operator
- Ready access to private sector expertise in stadium brand-building

General risk

Further risk factors were identified by the business analyst, which did not necessarily fit into a particular risk category, but nonetheless significantly influenced the risk profile of the specific models considered. These included the following:

- The contractor is focused on maximising its financial incentives within its contract with the City, and not the public service being provided by the stadium or the proper maintenance of the stadium.
- With an external service provider, the risk of sudden termination or excessive contract renegotiation demands always exists.
- The City of Cape Town faces significant reputational risk with any ineffective operation of Cape Town Stadium.
- Further reputational risk is created through association with an independent operator.
- Long-standing partners or suppliers of the appointed operator may be preferred to, for example, existing Cape Town Stadium suppliers.
- Compliance with the restrictive government and MFMA legislative requirements that would apply to the operation of the stadium.



One of the general risks identified by the business analyst was that the City of Cape Town faces significant reputational risk with any ineffective operation of Cape Town Stadium.

Financial modelling process and outcomes developed

Financial modelling

The financial modelling process was undertaken in a modular fashion, with each of the functional elements of the operations of the stadium being individually modelled and then combined for each of the models as specified by the City. The individual elements were identified and modelled as follows:

Stadium events

The details of every type of event considered were modelled identically across all models. Once modelled, the number of events hosted (and attendance) by anchor tenants (and possible own events) was projected under each model scenario.

Tenants

A single set of commercial terms was modelled for each anchor tenant from the options and permutations available. This was in order to estimate the impact of each of the considered anchor tenants on the operating income of the City as the operator.

Catering

The catering income and expenditure were estimated using the modelled events, the projected number of events and the attendance at such events. The commercial terms at which the catering would be provided were estimated from a number of possible commercial arrangements.

Suites

The number of suites that would be sold, as well as the price of each, was estimated to establish total income.

Park

This section of the report contained estimates of the income and expenditure of possible park events, as well as a consideration of operational and fixed expenditure of the park. This was included in the City's operator income and expenditure under each scenario.

Operating income and cost

The income from the intangible (intellectual property) rights that can potentially be sold by the operator was estimated, as was income from business club and season ticket sales. Income and expenditure from own events were also included in the total economic impact under this scenario. Income and expenditure were varied according to the quality of tenants per scenario.

Staff cost

The stadium staff cost remained consistent across all scenarios modelled, apart from the possible additional staff needed for MFMA compliance. Where the City is the operator, these costs were included.

Repairs and maintenance

The repairs and maintenance cost remains consistent across all scenarios modelled.



The financial modelling process was undertaken in a modular fashion, with each of the functional elements of the operations of the stadium being individually modelled and then combined for each of the models as specified by the City.

The financial models

Following the application of the stated business model assumptions and risk factors, the financial modelling process applied across all considered business model

scenarios resulted in the development of the seven financial models set out in tables 16 to 21 below and on pages 31 and 31.

CAPE TOWN STADIUM CASH FLOW MODEL 1: THE CITY AS OPERATOR, WITH ANCHOR TENANTS							
	2012	2013	2014	2015	2016	2017	2018
Total income	42 248 850	93 564 842	116 844 442	205 195 890	254 432 512	277 073 169	298 463 050
Total expenditure	-75 408 779	-99 384 130	-139 066 744	-212 093 224	-243 476 764	-258 510 647	-274 586 512
Net income or loss	-33 159 929	-5 819 288	-22 222 302	-6 897 334	10 955 747	18 562 522	23 876 538
Cumulative loss/profit	-33 159 929	-38 979 217	-61 201 519	-68 098 853	-57 143 105	-38 580 583	-14 704 045
Attributable to the City	-33 159 929	-5 819 288	-22 222 302	-6 897 334	10 955 747	18 562 522	23 876 538
Capital outstanding attributable to the City	-	-17 000 000	-247 000 000	-242 142 115	-236 847 019	-231 075 366	-224 784 263
Attributable to the operator	-	-	-	-	-	-	-
Events calendar	2012	2013	2014	2015	2016	2017	2018
Bowl events: Tenant football	15	15	15	15	15	15	15
Bowl events: Rugby	-	2	2	9	19	19	19
Bowl events: Big Concerts	4	5	5	5	5	5	5
Bowl events: Bought-in events	-	3	6	3	3	3	3
Bowl events: Own events	-	1	1	1	1	1	1
Non-bowl events	37	47	59	74	93	116	145
Park events	25	32	44	52	52	52	52
Total number of bowl attendees	398 632	668 401	756 605	928 934	1 354 294	1 354 294	1 354 294

Table 16: Stadium cash flow model with the City as operator and with anchor tenants

CAPE TOWN STADIUM CASH FLOW MODEL 2: INDEPENDENT OPERATOR, WITH ANCHOR TENANTS							
	2012	2013	2014	2015	2016	2017	2018
Total income	42 248 850	82 286 910	95 724 082	190 199 058	238 385 901	259 903 295	280 091 286
Total expenditure	-74 747 786	-83 520 816	-109 930 267	-193 931 315	-224 043 522	-237 717 077	-252 337 392
Net income or loss	-32 498 936	-1 233 905	-14 206 185	-3 732 257	14 342 379	22 186 218	27 753 894
Cumulative loss/profit	-32 498 936	-33 732 842	-47 939 026	-51 671 284	-46 890 490	-39 495 084	-30 243 786
Attributable to the City	-32 498 936	-1 233 905	-14 206 185	-3 732 257	4 780 793	7 395 406	9 251 298
Capital outstanding attributable to the City	-	-17 000 000	-247 000 000	-242 142 115	-236 847 019	-231 075 366	-224 784 263
Attributable to the operator	-	-	-	-	9 561 586	14 790 812	18 502 596
Events calendar	2012	2013	2014	2015	2016	2017	2018
Bowl events: Tenant football	15	15	15	15	15	15	15
Bowl events: Rugby	-	2	2	9	19	19	19
Bowl events: Big Concerts	4	5	5	5	5	5	5
Bowl events: Bought-in events	-	-	-	-	-	-	-
Bowl events: Own events	-	-	-	-	-	-	-
Non-bowl events	37	47	59	74	93	116	145
Park events	25	32	44	52	52	52	52
Total number of bowl attendees	398 632	550 795	550 795	811 328	1 236 688	1 236 688	1 236 688

Table 17: Stadium cash flow model with an independent operator and with anchor tenants

CAPE TOWN STADIUM CASH FLOW MODEL 3: WESTERN PROVINCE RUGBY AS BOTH ANCHOR TENANT AND STADIUM OPERATOR							
	2012	2013	2014	2015	2016	2017	2018
Total income	42 248 850	88 827 980	102 563 313	212 101 304	294 502 429	319 460 092	343 144 945
Total expenditure	-74 747 786	-87 800 816	-114 509 867	-215 982 089	-273 853 770	-291 014 043	-309 365 145
Net income or loss	-32 498 936	1 027 164	-11 946 553	-3 880 785	20 648 659	28 446 050	33 779 800
Cumulative loss/profit	-32 498 936	-31 471 772	-43 418 325	-47 299 111	-31 881 006	-15 383 634	2 268 555
Attributable to the City	-32 498 936	1 027 164	-11 946 553	-3 880 785	15 418 105	16 497 372	17 652 188
Capital outstanding attributable to the City	-	-17 000 000	-247 000 000	-242 142 115	-236 847 019	-231 075 366	-224 784 263
Attributable to the operator	-	-	-	-	5 230 554	11 948 677	16 127 612
Events calendar	2012	2013	2014	2015	2016	2017	2018
Bowl events: Tenant football	15	15	15	15	15	15	15
Bowl events: Rugby	-	2	2	9	19	19	19
Bowl events: Big Concerts	4	5	5	5	5	5	5
Bowl events: Bought-in events	-	-	-	-	-	-	-
Bowl events: Own events	-	-	-	-	-	-	-
Non-bowl events	37	37	37	37	37	37	37
Park events	25	32	44	52	52	52	52
Total number of bowl attendees	398 632	550 795	550 795	811 328	1 236 688	1 236 688	1 236 688

Table 18: Stadium cash flow model with Western Province Rugby as both anchor tenant and stadium operator

CAPE TOWN STADIUM CASH FLOW MODEL 4A: NO ANCHOR TENANT (WITH CITY AS OPERATOR)							
	2012	2013	2014	2015	2016	2017	2018
Total income	42 248 850	76 831 291	93 776 532	94 151 279	101 851 235	113 811 203	123 772 747
Total expenditure	-74 747 786	-95 827 549	-114 698 209	-109 712 962	-117 392 869	-125 610 370	-134 403 096
Net income or loss	-32 498 936	-18 996 258	-20 921 677	-15 561 682	-15 541 634	-11 799 167	-10 630 350
Cumulative loss/profit	-32 498 936	-51 495 195	-72 416 872	-87 978 554	-103 520 188	-115 319 355	-125 949 705
Attributable to the City	-32 498 936	-18 996 258	-20 921 677	-15 561 682	-15 541 634	-11 799 167	-10 630 350
Capital outstanding attributable to the City	-	-	-	-	-	-	-
Attributable to the operator	-	-	-	-	-	-	-
Events calendar	2012	2013	2014	2015	2016	2017	2018
Bowl events: Tenant football	15	15	15	15	15	15	15
Bowl events: Rugby	-	-	-	-	-	-	-
Bowl events: Big Concerts	4	5	5	5	5	5	5
Bowl events: Bought-in events	-	3	6	3	3	3	3
Bowl events: Own events	-	1	1	1	1	1	1
Non-bowl events	37	47	59	74	93	116	145
Park events	25	32	44	52	52	52	52
Total number of bowl attendees	398 632	572 695	660 899	572 695	572 695	572 695	572 695

Table 19: Stadium cash flow model with the City as operator and with no anchor tenants

CAPE TOWN STADIUM CASH FLOW MODEL 4B: NO ANCHOR TENANT (WITH INDEPENDENT OPERATOR)							
	2012	2013	2014	2015	2016	2017	2018
Total income	42 248 850	65 553 360	72 656 171	79 154 447	85 804 625	96 641 329	105 400 982
Total expenditure	-74 747 786	-80 671 497	-86 318 502	-92 360 797	-98 826 053	-105 743 877	-113 145 948
Net income or loss	-32 498 936	-15 118 138	-13 662 331	-13 206 350	-13 021 428	-9 102 547	-7 744 966
Cumulative loss/profit	-32 498 936	-47 617 074	-61 279 405	-74 485 755	-88 175 528	-98 833 205	-109 082 160
Attributable to the City	-32 498 936	-15 118 138	-13 662 331	-13 206 350	-13 689 774	-10 657 677	-10 248 955
Capital outstanding attributable to the City	-	-	-	-	-	-	-
Attributable to the operator	-	-	-	-	668 345	1 555 130	2 503 989
Events calendar	2012	2013	2014	2015	2016	2017	2018
Bowl events: Tenant football	15	15	15	15	15	15	15
Bowl events: Rugby	-	-	-	-	-	-	-
Bowl events: Big Concerts	4	5	5	5	5	5	5
Bowl events: Bought-in events	-	-	-	-	-	-	-
Bowl events: Own events	-	-	-	-	-	-	-
Non-bowl events	37	47	59	74	93	116	145
Park events	25	32	44	52	52	52	52
Total number of bowl attendees	398 632	455 089	455 089	455 089	455 089	455 089	455 089

Table 20: Stadium cash flow model with an independent operator and with no anchor tenants

CAPE TOWN STADIUM CASH FLOW MODEL 5A: PUBLIC/PRIVATE PARTNERSHIP							
	2012	2013	2014	2015	2016	2017	2018
Total income	42 248 850	93 564 842	116 844 442	205 195 890	254 432 512	277 073 169	298 463 050
Total expenditure	-74 747 786	-98 676 868	-138 309 974	-211 283 479	-242 610 338	-257 583 570	-273 594 540
Net income or loss	-32 498 936	-5 112 026	-21 465 531	-6 087 589	11 822 174	19 489 598	24 868 510
Cumulative loss/profit	-32 498 936	-37 610 962	-59 076 494	-65 164 083	-59 252 996	-49 508 197	-37 073 942
Attributable to the City	-32 498 936	-5 112 026	-21 465 531	-6 087 589	5 911 087	9 744 799	12 434 255
Capital outstanding attributable to the City	-	-17 000 000	-247 000 000	-242 142 115	-236 847 019	-231 075 366	-224 784 263
Attributable to the operator	-	-	-	-	5 911 087	9 744 799	12 434 255
Events calendar	2012	2013	2014	2015	2016	2017	2018
Bowl events: Tenant football	15	15	15	15	15	15	15
Bowl events: Rugby	-	2	2	9	19	19	19
Bowl events: Big Concerts	4	5	5	5	5	5	5
Bowl events: Bought-in events	-	3	6	3	3	3	3
Bowl events: Own events	-	1	1	1	1	1	1
Non-bowl events	37	47	59	74	93	116	145
Park events	25	32	44	52	52	52	52
Total number of bowl attendees	398 632	668 401	756 605	928 934	1 354 294	1 354 294	1 354 294

Table 21: Stadium cash flow model with stadium managed by a public/private partnership

CAPE TOWN STADIUM CASH FLOW MODEL 5B: MUNICIPAL ENTITY							
	2012	2013	2014	2015	2016	2017	2018
Total income	42 248 850	93 564 842	116 844 442	205 195 890	254 432 512	277 073 169	298 463 050
Total expenditure	-75 408 779	-99 384 130	-139 066 744	-212 093 224	-243 476 764	-258 510 647	-274 586 512
Net income or loss	-33 159 929	-5 819 288	-22 222 302	-6 897 334	10 955 747	18 562 522	23 876 538
Cumulative loss/profit	-33 159 929	-38 979 217	-61 201 519	-68 098 853	-57 143 105	-38 580 583	-14 704 045
Attributable to the City	-33 159 929	-5 819 288	-22 222 302	-6 897 334	10 955 747	18 562 522	23 876 538
Capital outstanding attributable to the City	-	-17 000 000	-247 000 000	-242 142 115	-236 847 019	-231 075 366	-224 784 263
Attributable to the Operator	-	-0	-0	-0	-	-	-
Events calendar	2012	2013	2014	2015	2016	2017	2018
Bowl events: Tenant football	15	15	15	15	15	15	15
Bowl events: Rugby	-	2	2	9	19	19	19
Bowl events: Big Concerts	4	5	5	5	5	5	5
Bowl events: Bought-in events	-	3	6	3	3	3	3
Bowl events: Own events	-	1	1	1	1	1	1
Non-bowl events	37	47	59	74	93	116	145
Park events	25	32	44	52	52	52	52
Total number of bowl attendees	398 632	668 401	756 605	928 934	1 354 294	1 354 294	1 354 294

Table 22: Stadium cash flow model with stadium managed by the City

Conclusion from the risk evaluation and financial modelling processes

To recap, the five business models (two with sub-categories) considered by the business analyst, as specified by the City of Cape Town, were as follows:

- Model 1: City as operator, with anchor tenant
- Model 2: Independent operator, with anchor tenant
- Model 3: Anchor tenant as operator
- Model 4A: City as operator, with no anchor tenant
- Model 4B: Independent operator, with no anchor tenant
- Model 5A: Analyst-proposed mixed-management model – public/private partnership
- Model 5B: Analyst-proposed mixed-management model – municipal entity.

The risk evaluation undertaken as part of the reporting process highlighted the fact that all models with a high level of City involvement will result in a lower level of risk. This includes model 1 (the City as an operator, with anchor tenant(s)) and model 5 (alternative model – public/private partnership or municipal entity).

Model 4A (the City as an operator, with no anchor tenant) also shows lower levels of risk, but the lack of financial stability ensures a higher level of risk than model 1 and model 5.

The outcome of the financial modelling exercise

based on the aforementioned business model assumptions resulted in the financial models as set out on pages 29 to 31.

The conclusion from these assumptions and the risk application process is that only models with a premium anchor tenant would result in possible medium-term positive revenue generation and cost recovery.

The financial modelling also highlighted the need for full commercialisation of Cape Town Stadium in order to create the environment for possible positive revenue generation and/or cost recovery, and the most effective cost control.

The full commercialisation of the stadium and the maximisation of potential revenues would in turn be reliant upon a governance model that would allow for the business flexibility required to operate a major stadium within a highly competitive domestic and international environment. As such, the commercially restrictive provisions of the MFMA and its impact on the various business models was carefully considered during the process leading up to the business analyst's recommendation as to which of the indicated business models the City should consider for the stadium and park facility going forward.



The conclusion from these assumptions and the risk application process is that only models with a premium anchor tenant would result in possible medium-term positive revenue generation and cost recovery.

The financial modelling also highlighted the need for full commercialisation of Cape Town Stadium in order to create the environment for possible positive revenue generation and/or cost recovery, and the most effective cost control.



A proposed solution: The mixed-management model

As stated earlier in this report, an alternative preferred business model scenario constituted one of the five scenarios that the business analyst was required to consider.

In this regard, the business analyst undertook careful consideration of the following key factors affecting Cape Town Stadium:

- Contemporary international major sports stadium governance and business model trends
- Contemporary local major sports stadium governance and business model trends following the 2010 FIFA World Cup™
- The key City of Cape Town principles underpinning any future governance and management of the stadium and park
- Cape Town Stadium funding mechanisms
- The environmental factors particular to the stadium and park
- The legislative, fiduciary and community responsibilities flowing from the City's ownership of the stadium
- An assessment of the respective advantages and disadvantages of the various contemporary international and local major stadium business models that served as the benchmarks for this project

This process ultimately led to the business analyst proposing to the City a mixed-management model of stadium governance and management (with primary and secondary anchor tenants) at Cape Town Stadium.

The mechanism

In terms of the mixed-management business model scenario, two possible options were considered. These were, in terms of section 76(b) of the Municipal Systems Act 56 of 2000, the establishment of either:

- an 'external mechanism' controlled via contract with the City, to govern and manage the stadium (section 76(b)(v)); or
- a municipal entity (section 76(b)(i)).

The 'external mechanism' mentioned above could be a public company, a private company, a non-profit organisation (e.g. an association not for gain), a business partnership or a sole proprietorship.

In essence, the suggested option of a 'mixed' governance and management model entails a public/private partnership, housed within a service provider special-purpose vehicle (external juristic person or municipal entity), which is in fact controlled by the City in terms of a binding service-level agreement between the City and the external mechanism special-purpose vehicle.

In terms of the contract between the City and the special-purpose external organisation, there would be a requirement to establish an anchor tenant management committee (MANCO) to manage all aspects of the business relationships between the primary and secondary anchor tenants and the City, and among said anchor tenants themselves. This would be affected by means of an agreement that will be binding on all parties.

The agreement could, among others, regulate the following matters:

- Rights of use of the stadium
- Event scheduling rights and processes – including priority scheduling for primary anchor tenants
- Stadium rental payments (including agreed gate percentages)
- Commercialisation matters
- Stadium ticketing and access control matters
- Use of office and parking space within the stadium
- The alignment (30 June) of the financial year-ends of the City and the external organisation special-purpose vehicle for ease of governance and administration

It is important to note that any adoption or finalisation of any preferred governance and management model by the City will be dependent on the implementation and completion of the public participation processes set out in section 78 of the Municipal Systems Act.

The legal position

The proposed use of a special-purpose vehicle, controlled by an agreement, to manage a material balance sheet asset is not extraordinary.

There are no known legal impediments in terms of either the Municipal Finance Management Act 56 of 2003 (MFMA), the Municipal Systems Act 32 of 2000 (MSA), or City of Cape Town local government legislation regarding the use of such a special-purpose vehicle for the management of a municipal asset or service.

The proposed model is flexible, and can be modified by the City to incorporate a medium or long-term model.

Oversight

It is envisaged that, from a City of Cape Town oversight perspective, the Executive Director: Tourism, Events and Marketing would oversee the performance and implementation of the preferred model, as decided by Council once it has considered all options, including the comments and submissions made during the public participation process as set out in section 78 of the MSA.



The mixed-management model could see the City partnering with an external party (a public company, a private company, an NPO, a business partnership or a sole proprietorship), to manage the stadium.



Figure 3: Greater Green Point Urban Park locality layout

Conclusion

In short, the recommended mixed-management model would allow for the essential levels of dynamic, risk-taking and flexible business management that would be required for the successful commercial leveraging of both Cape Town Stadium and Green Point Park.

There are no operational success guarantees in what is worldwide a challenging area, namely large sporting facility ownership and management. However, the business analyst was of the view that, from a pure business risk management, legacy and sustainability perspective, there appears to be merit in the City adopting the mixed-management model regarding the future governance and management of this key strategic asset of the City of Cape Town and its community.

Implementation of the business analyst-proposed mixed-management model

The key to any successful implementation of the business analyst-proposed mixed-management business model and plan for Cape Town Stadium and Green Point Park is its timeous implementation.

Part of this process, as already mentioned, would involve the City’s implementation of the public participation processes set out in section 78 of the Municipal Systems Act. This would determine with which of the two proposed mixed-management

mechanisms it could move forward – the external mechanism or the municipal entity.

The City’s adoption of the alternatively proposed mixed-management model would combine the:

- business flexibility required of the benchmarked, successful, modern-day stadium governance and management structure; and
- the benefits of an ongoing business and operational relationship with the City.

It would also ensure the retention of ownership of, and fiduciary oversight required over, what is the single largest asset on the balance sheet of the City of Cape Town.

If the proposal to consider the mixed-management model is accepted by the City of Cape Town, the extensive public participation processes set out in section 78 of the Municipal Systems Act will immediately commence.

It is anticipated that the required statutory processes would take approximately 24 to 36 months.

Interim retention of the current City of Cape Town Stadium management team

The business analyst has recommended that, pending the completion of the legislative processes for the implementation of the preferred Cape Town Stadium business management model, the City retain its current stadium management team.

Core recommendations

When the City of Cape Town was selected as a host city for the 2010 FIFA World Cup™ and a brand-new major iconic stadium was planned for development in the Green Point precinct, the entire precinct was subject to a complete urban re-design strategy. This process involved an intensive public participation programme.

Current permissible uses

A schedule setting out the current permissible (and restrictive) uses of the Greater Green Point Urban Park (which incorporates Cape Town Stadium, Green Point Park and the public space leased to various Cape Town-based sporting codes and clubs) follows below.

Cape Town Stadium

The following schedule constitutes the current permissible uses of Cape Town Stadium in terms of the Western Cape Provincial Government's Record of Decision and City of Cape Town land use zonings:

Bowl events (including incidental activities)

- All sport and recreational activities
- Sport and recreational entertainment
- Screening of sport and recreation-related films
- Mass public gatherings, including religious, political and cultural gatherings
- Food and beverage sales
- Merchandising sales
- Catering and restaurant facilities

Non-bowl events (including incidental activities)

- Conferences
- Exhibitions
- Corporate events, marketing events, product launches, team-building exercises, annual functions, shareholder functions, media briefings, etc.
- Registration point and start/finish venue of route events such as the *Cape Argus* Cycle Tour and Two Oceans Marathon
- Screening of sport and recreation-related films
- Public gatherings, including religious, political and cultural gatherings
- Food and beverage sales
- Merchandising sales
- Catering and restaurant facilities

Stadium facility activities (including incidental activities)

- Fitness and wellness centre(s); gymnasium, spa, etc.
- High-performance sports centre and associated facilities, including:

- offices;
- kitchen and dining facilities;
- an indoor sprint track;
- small-scale accommodation facilities directly associated with the sports centre (15 single en-suite rooms (five-star accommodation) and two, four and six-person dormitory style en-suite rooms (three-star accommodation)); and
- operating theatre and medical facilities linked to the sports centre, including a recovery centre, sports science and sports medicine offices, and sports and recreation-related educational facilities.

- Stadium administration offices
- Stadium sponsor's merchandising/service outlet
- Team recreational/technical areas with video facilities
- Indoor training facilities
- Conference and exhibition facilities
- Public meeting rooms
- Tourism offices and facilities, e.g. information venues, cycle hire, etc.
- Tourism adventure facilities
- Indoor sports areas, e.g. a bowling alley
- A sports museum
- Food and beverage sales areas linked to approved activities
- Restaurant facilities linked to approved activities
- Catering facilities linked to approved activities
- Merchandising facilities linked to approved activities
- Third-party offices linked to approved users of the stadium, the stadium precinct and the park only
- Outsourced in-stadium kitchen facilities, linked to all approved uses of the stadium, stadium precinct and park only
- Sports fan merchandising store such as those found at other stadiums
- Paid parking areas, linked to all approved uses of the stadium, stadium precinct and park only

Stadium event activities (including incidental activities)

- Organised commercial sports coaching and training
- Indoor and outdoor hospitality activities, e.g. hospitality villages
- Informal trading
- Stadium-related tourist activities, such as professional and general public tours, cycle hire and tourism adventure activities
- Food and beverage sales linked to approved activities
- Restaurant(s) linked to approved activities only
- Catering linked to approved activities only
- Merchandising sales linked to approved activities only

The stadium is currently restricted in its commercial activities by law.



Figure 4: Existing zoning and land use. The 18 ha stadium precinct is zoned for 'community facilities', and the remainder of the Greater Green Point Urban Park as 'public open space'.

Remainder of erf 1056, Fritz Sonnenberg Road

- Place of assembly, including passive and active social, cultural and recreational activities
- Place of instruction, including City-approved educational, sporting and recreational activities
- Shops – informal trading and open-air markets only
- Food and beverage sales linked to approved activities only
- Restaurant(s), including tearooms, linked to approved activities only

Green Point Park

The following listing constitutes the original and current permissible uses of Green Point Park in terms of the Western Cape Provincial Government's Record of Decision and City of Cape Town land use zonings:

Events-based park activities (including incidental activities)

- Outdoor events, e.g. small concerts, art exhibitions, dog shows, showjumping, flower shows, etc.
- Sporting code event activities
- Environmental education facility (similar to Kirstenbosch Botanical Gardens)
- Outdoor lecture facilities
- Informal trading, including flower-selling
- Temporary rental of park facilities for film and advertising shoots
- Indoor and outdoor hospitality activities, e.g. hospitality villages
- Food and beverage sales linked to event-related

approved activities

- Restaurant(s) linked to public space/event-related approved activities only
- Catering linked to public space/event-related approved activities only
- Merchandising sales linked to public space/event-related approved activities only

General park facility activities (including ancillary and incidental activities)

- Accommodation of sporting codes, 43 ha in extent, including playing fields, management offices and ablutions
- Public park for general public use and enjoyment, 12,5 ha in extent
- Public tearoom, can be hired
- Public hiring facility, bicycles and paddle boats, etc.
- Dedicated pedestrian and cycle paths
- Picnic facility, can be hired and picnic basket sales permissible
- Environmental education facility (as per Kirstenbosch Botanical Gardens), building of an appropriate restrictive scale allowed
- Outdoor gym equipment for general public use
- Active public recreation areas for different age groups, such as a skateboard park, adventure activities, cycling areas, jogging areas, a putt-putt course, etc., no buildings permitted
- Passive recreation areas – places of public assembly, places of instruction, chess-playing areas, card-playing areas, reading areas, etc.



- Temporary and permanent parking related to approved activities
- Display of outdoor advertising material promoting the stadium and park and associated activities
- Park management offices
- Public ablution facilities

Approved land uses for Green Point Park

The following schedules reflect the current permissible uses of Green Point Park facility according to the Western Cape Provincial Government's Record of Decision and City of Cape Town land use zonings, as amended on 5 April 2011.

General park facility activities (including ancillary/incidental activities)

- Shops in an open-air serviced facility of appropriate scale and limited to 500 m² per shop
- Plant nursery
- Informal trading stalls
- Tearoom linked to location and approved public space/event-related activities only
- Restaurant linked to location and approved public space/event-related activities only
- Picnic facility

When considering the uses and possible property development within Green Point Park, each use or development needs to comply with all applicable legislation, i.e. the most restrictive condition will apply, whether it is environmental, town planning or bylaw based.

The current uses within the park, i.e. outside of the stadium and its immediate precinct, are thus very restrictive and tightly controlled.

Proposed land uses for Green Point Park

For the purposes of the report, it was proposed that the current and new structures required for the park would be limited to the following permissible structures:

- Eco-centre
- 'Green' café
- Tearoom

These are limited to the park, and, for the foreseeable future, no further development is envisaged.

From an events perspective, current RoD and City land use approvals for the park permit the erection of temporary event infrastructure. However, this infrastructure is still subject to, and governed by, the City's normal approval process for events permits and the City's bylaws.

The restrictions

The areas of current Cape Town Stadium management responsibility are set out in figure 5 above.

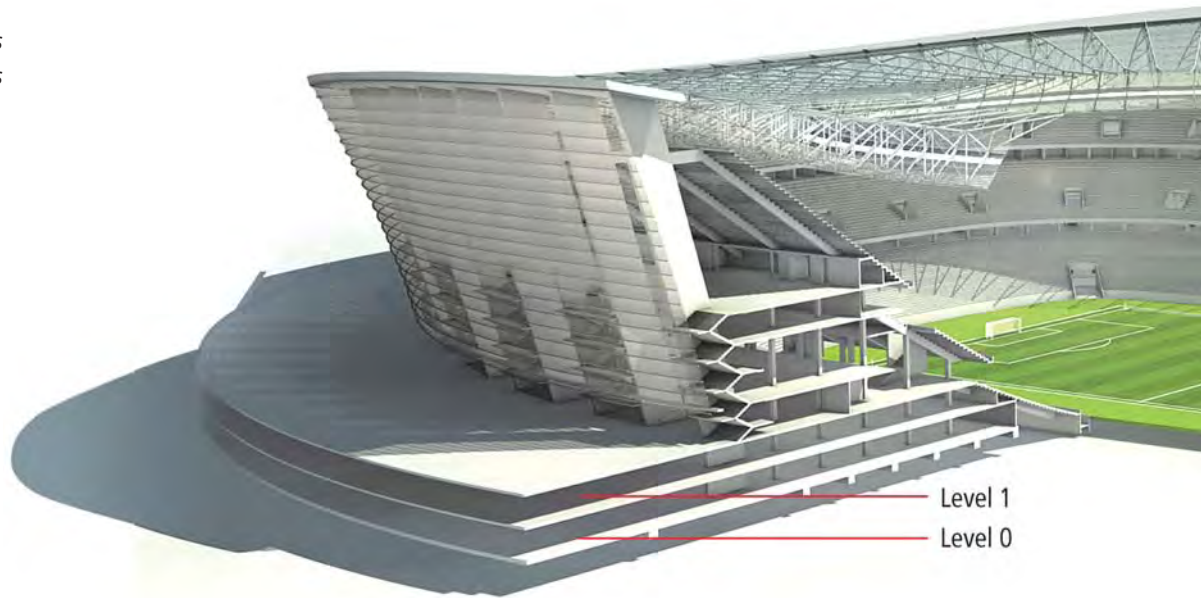
Commercial activities within Cape Town Stadium are severely restricted. Only event-based retail activities are permitted, and the number of events that may be hosted is also restricted.

With regard to the stadium, the following revenue-generating activities are currently prohibited:

- Hotel development
- Mixed retail development

Figure 5: The operator's area of responsibility (highlighted and outlined in red)

Figure 6: The various stadium levels



- Third-party stand-alone/franchised restaurants
- Commercial offices
- Commercial (contract) parking
- Tourism-related commercial activities

Possible solutions to the restrictions

The business analyst report has identified a number of possible solutions to the current restrictive Record of Decision (RoD) and land use zonings in respect of Cape Town Stadium and Green Point Park.

These will involve the City's submission of formal applications of amendment to the existing RoD and land use zonings in terms of applicable City planning legislation and any City-approved property development component of the stadium and park business modelling exercise.

This will in turn involve the sourcing and submission of all environmental management systems (EMS) and plans to the Western Cape Government.

Development opportunities

The various identified property development-related commercial opportunities have been set out in the report, together with the estimated capital costs and potential income. Where appropriate, they have been tabulated, and the indicative capital costs for, and likely income potential from, such proposed developments have been highlighted.

The report includes the overall site development plans, together with plans of the various leased areas. The permissible additional property developments are recorded in the report on a site plan.

As stated above, the most immediate and best return on investment would be an increase in the number of corporate business suites in the stadium. In this regard, an in-depth review of the stadium structure was undertaken, and as many suite and business club development opportunities as possible identified.

The report contains conceptual plans that have been

prepared for each level of the stadium structure. The possible property-related commercialisation opportunities have been identified and highlighted on these plans.

A summary of the considered property development opportunities both inside the stadium and in the Greater Green Point Urban Park has been compiled and is set out below.

Summary of potential development opportunities

Cape Town Stadium and precinct

- Potential in-stadium hospitality (corporate suites, business clubs, hospitality lounges, etc.) – depicted in table 23)
- Potential property commercialisation development schedule

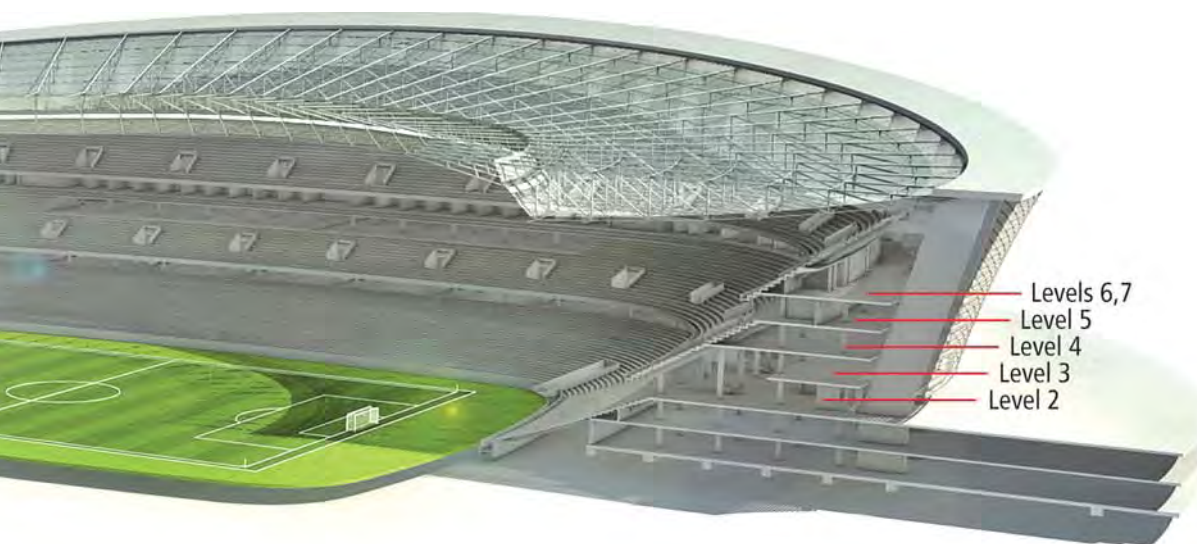
Capital investments

The report considers a number of potentially commercially viable property developments within Cape Town Stadium and its immediate precincts. Some of the proposed in-stadium developments are subject to competing space issues, which will be resolved by the recommended economic feasibility and technical studies that would be undertaken prior to any such developments taking place.

The primary capital investments that are considered in the business plan for the entire Green Point Park area are shown in tables 24, 25 and 26 on pages 40 and 41.

Development of suites

The development of suites at the stadium is a critical part of making it functional as a multipurpose stadium. In order for the stadium to attract a premium anchor tenant, this additional capital investment is vital. The additional development of suites is summarised in table 27 on page 42.



Development of commercial office opportunities

Currently, there are no permissions or rights available to develop any further structures in the Greater Green Point Urban Park.

However, when considering the nature and use of Granger Bay Boulevard, as a main transport and public activity thoroughway, the business analyst has proposed there may be an opportunity to motivate the development of a commercial building (four storeys; 80% coverage, floor area ratio 4; parking, 4 bays per

100 m²) on the temporary parking area adjacent to the stadium and along this boulevard.

The town planning and environmental application will have to set out the need and desirability for the building and its intended uses. Based on unsolicited approaches from the public and private sector, these may include a sports science centre, a specialist sports hospital, offices for organisations related to the use of the stadium, and parking.

It may also be necessary to provide additional

Development schedule		
<i>Analysis of possible suites</i>	No	Area (m ²)
Level 3		
VIP 'blind' suite	1	983
Level 4		
Field-view suites – new	22	1 907
Field-view suites – ex-VIP network lounge	12	408
VIP field-view network lounge – area reduced to provide 12 new suites	1	1 208
VIP reception area	1	242
Level 5		
Field-view suites (18 seats per suite)	72	2 520
Mountain or sea-view suites with dedicated kitchen (173 m ² with 77 m ² kitchen area)	4	1 000
Field-view lounge suites	1	134
Field-view lounges (approximately 108 m ² each)	3	324
Field-view lounges (approximately 476 m ² each)	1	476
Field-view lounges (approximately 394 m ² , 426 m ² and 391 m ²)	3	1 211
Field-view suites – ex-presenters	2	70
Level 6		
New field-view suites (21 seats per suite)	44	2 922
New sea or mountain-view suites (21 seats per suite)	28	1 552
Level 7		
New field-view suites (21 seats per suite)	44	2 896
New sea or mountain-view suites (21 seats per suite)	20	1 202
Totals	259	18 903
Number of people who can be accommodated in suites, blind lounges and hospitality lounges	7 561	2,5*
* m ² per person		

Table 23: Possible suite development

parking per the original RoD and local authority land use approvals for any parking bays currently inside the stadium precinct that are lost in the proposed property development and renting of space within the stadium, or to provide additional parking that may be required by the increased density and uses of commercial spaces within the stadium.

It is important to note that the application, public participation and possible appeals processes are likely to take a significant amount of time, probably no less than three years. Therefore, any development on this site should be considered as part of the medium to long-term (five year plus) planning of the City.

Any City decision regarding the proposed development of a stand-alone office block within the stadium precinct should be seen as a separate economic decision, and should be based on a desired return on investment by the City.

Additional internal office space

It has been proposed that additional retail space be built within the existing structure of the stadium. This can be achieved at a small cost to the City, as the basic structure required for such retail space has already been built. That space can be converted relatively cheaply into retail space, which can be rented out.

The business analyst's report has identified a number of possible solutions to the current restrictive RoD and land use stipulations for the stadium and park, which would require formal application to the Western Cape Government to change.

GREENFIELD DEVELOPMENT		
Possible commercialisation	Possible use	Comments
A four-storey commercial building located on the current gravel parking to the south-east of the stadium along Granger Bay Boulevard	Sports science centre Hotel Offices	<ul style="list-style-type: none"> Not currently permitted in terms of the town planning and environmental approvals New environmental and town planning applications will need to be prepared and submitted This is a time-consuming process subject to possible objections and appeals, and may take in excess of three years to complete
A four-storey parking garage alongside the commercial building to cater for the increased parking demand, and to replace parking bays lost due to commercialisation of space within the stadium structure		<ul style="list-style-type: none"> Not currently permitted in terms of the town planning and environmental approvals New environmental and town planning applications will need to be prepared and submitted This is a time-consuming process subject to possible objections and appeals, and may take in excess of three years to complete

Table 24: Potential greenfield development

DEVELOPMENT WITHIN GREEN POINT PARK		
Possible commercialisation	Possible use	Comments
Temporary structures and use	Parking Film shoots Advertising Informal stalls	<ul style="list-style-type: none"> Generally supported subject to specific applications for consent use in each case
Eco-centre Green café Tearoom Renovation of existing structures	Educational Refreshments Refreshments Various	<ul style="list-style-type: none"> The development of buildings within Green Point Park is strictly controlled and managed in terms of site development plan 4, dated November 2010. Refer to figure 8 – permissible building, on page 43. Only the three new structures marked 10, 15 and 16 in figure 8 are allowed in terms of existing permissions New environmental and town planning applications will need to be prepared and submitted for any further proposed development This is a time-consuming process subject to possible objections and appeals, and may take in excess of three years to complete

Table 25: Potential development within Green Point Park

DEVELOPMENT WITHIN THE STADIUM	
<i>Possible commercialisation</i>	<i>Comments</i>
Level 0	
Gym Entrance foyer Visitors' centre	Permitted No retail sales or refreshment facilities permitted
Parking under podium and in embankment around stadium	Only permitted for associated uses within the stadium precinct. No commercial letting of parking permitted. For any other use, new environmental and town planning applications will need to be prepared and submitted.
Level 1	
Offices	Only offices that are ancillary to a use within the stadium precinct or urban park are permitted. For any other use, new environmental and town planning applications will need to be prepared and submitted.
Conference facilities	Permitted, provided events-based. For any other use, new environmental and town planning applications will need to be prepared and submitted.
Kitchen facilities	Permitted, provided events-based. For any other use, new environmental and town planning applications will need to be prepared and submitted.
Level 2	
Kiosks on podium	Permitted, provided events-based. For any other use, new environmental and town planning applications will need to be prepared and submitted.
Level 3	
Offices	Only offices that are ancillary to a use within the stadium precinct or urban park are permitted. No third-party offices allowed. For any other use, new environmental and town planning applications will need to be prepared and submitted.
Banquet facilities	Permitted, provided events-based. For any other use, new environmental and town planning applications will need to be prepared and submitted.
VIP blind suites	Permitted if events-based
Level 4	
Offices	Only offices that are ancillary to a use within the stadium precinct or urban park are permitted. No third-party offices allowed. For any other use, new environmental and town planning applications will need to be prepared and submitted.
Kitchen facilities	Permitted, provided events-based. For any other use, new environmental and town planning applications will need to be prepared and submitted.
VIP hospitality lounge and foyer	Permitted if events-based
Level 5	
Existing suites	Permitted if events-based
Existing hospitality facilities	Permitted if events-based
Level 6	
New suites	Permitted if events-based. Lightweight construction suites. Access, toilet facilities, fire regulations and refreshment facilities to be resolved with detailed design.
New kiosks	Permitted if events-based
Level 7	
New suites	Permitted if events based. Second-storey lightweight construction suites built on top of level 6 new suites. Access, toilet facilities, fire regulations and refreshment facilities to be resolved with detailed design.

Table 26: Possible development within the stadium

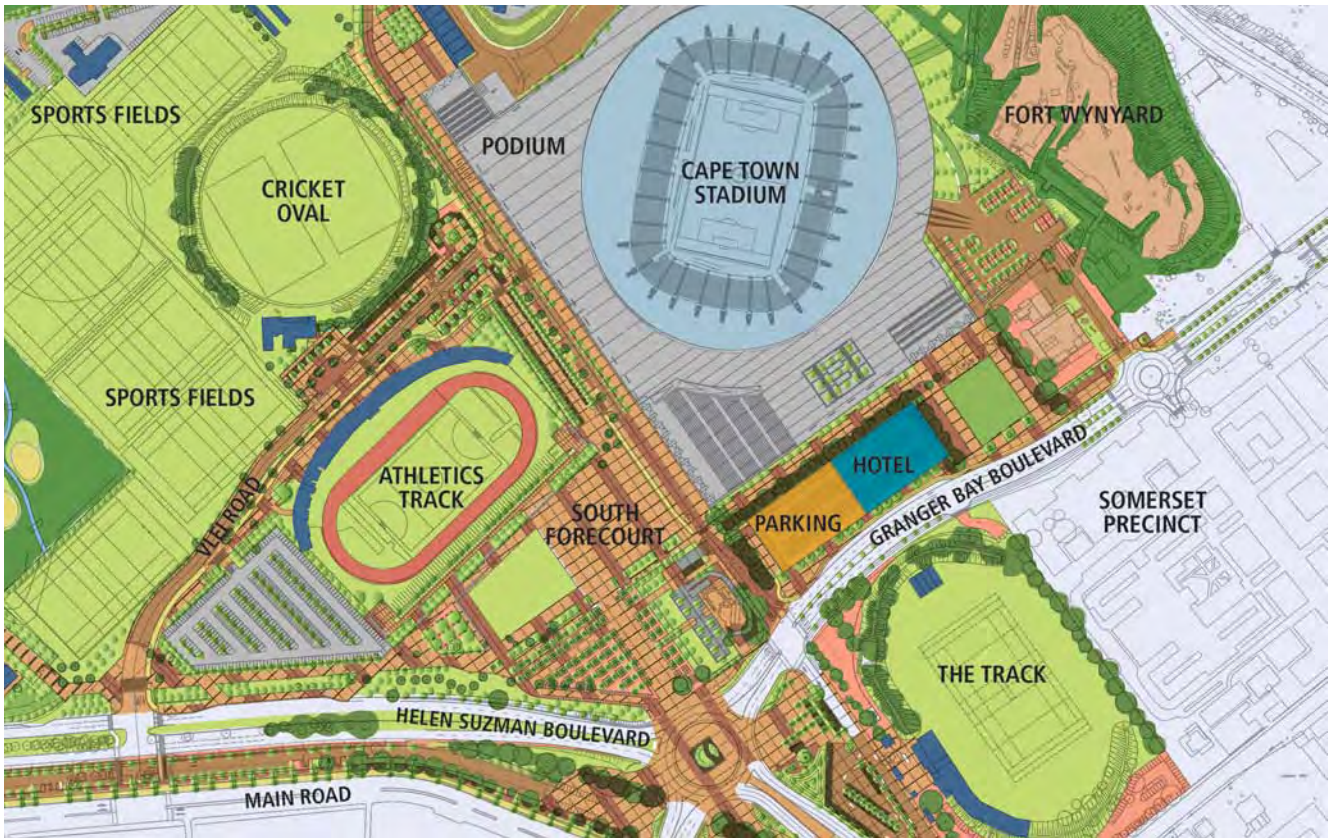


Figure 7: Potential future development area along Granger Bay Boulevard

In-house kitchen

The report proposes the development of a central kitchen supported by satellite kitchens (with warm-up and storage areas) on each proposed suite level. This should only be considered if it is commercially justified, for example, the securing of a premium anchor tenant and possible outsourced catering activities. An area of 253 m² has been identified on level 1 of the stadium for the purposes of the proposed central kitchen.

Liquor and beverage distribution area

A proposed in-stadium liquor and beverage distribution area has been proposed for either level 0 or close to the vehicle access/egress points on level 1 of the stadium. This would affect current parking bay numbers and the

proposed gym development, although local and international stadium benchmarking suggests that such ‘in-house’ liquor and beverage distribution operations are significant revenue generators.

Public kiosks

There are currently only 19 event-day public refreshment kiosks installed at the podium level of the stadium. Subject to demand, a lot of opportunities (existing service space) exist for additional kiosks to be installed on the podium level as well as level 6 of the stadium (in order to service the upper spectator levels).

Conferencing and banqueting

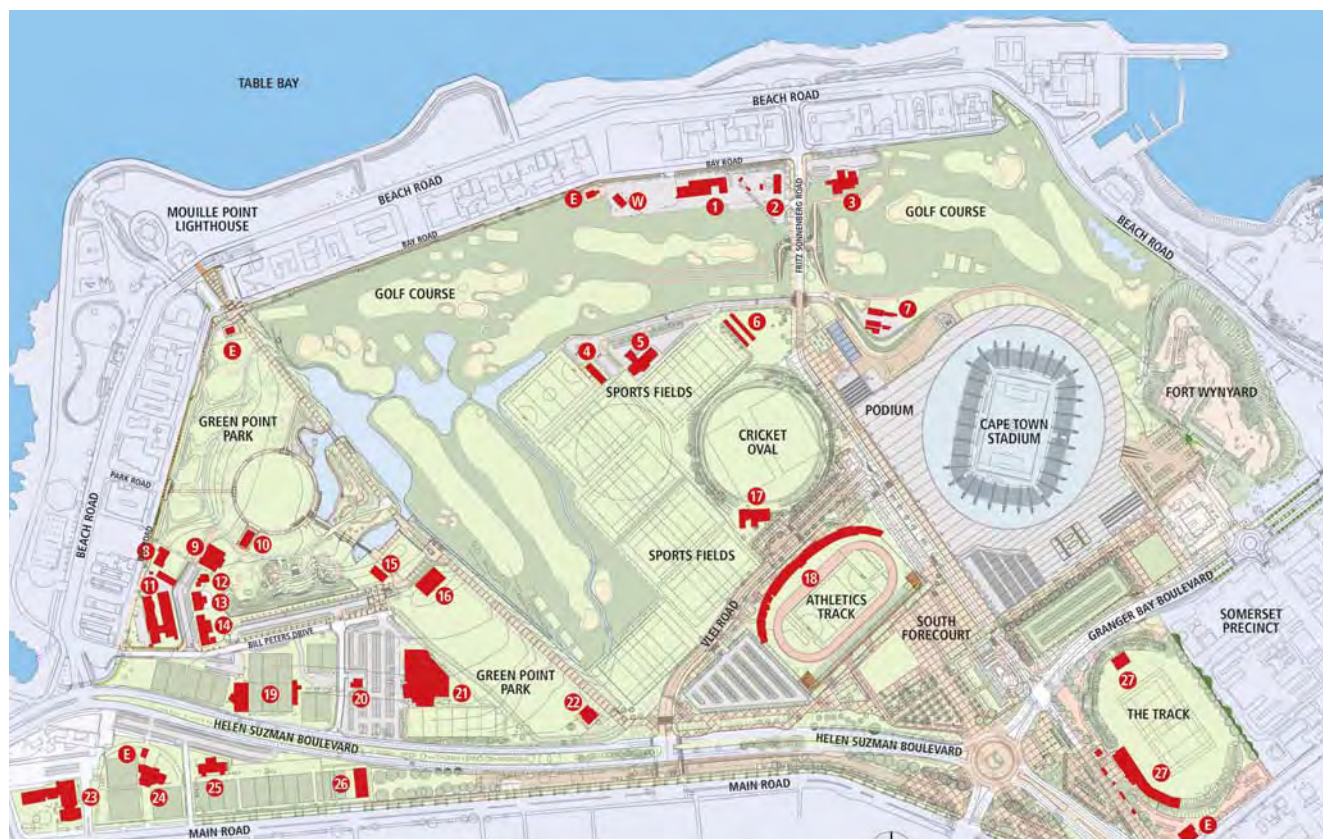
Event-related conferencing and banqueting activities

	Existing field-view suites	Additional field-view suites	VVIP	Mountain and sea-view suites	Additional restrooms
Level 4		22 east, 10 west	Reduced space		
Level 5	64	8			
Level 6		44		14 east, 14 west	2 male, 2 female
Level 7		44		10 east, 10 west	2 male, 2 female

Table 27: Additional development of suites

	Short-term	Medium-term
Level 0	Gym, liquor and beverage distribution area, entrance foyer, visitors’ centre	Retail parking
Level 1	Offices, conference facilities, kitchen facilities	Retail parking
Level 2	19 concession kiosks on podium	
Level 3	Offices, conference facilities, banquet hall, kitchen facilities	
Level 4	Suites, offices	
Levels 5, 6, 7	Suites	

Table 28: Proposed in-stadium property development per level



are allowed in terms of current land use approvals. An area for these income-producing activities has been identified on level 1 of the stadium. The establishment of in-house conferencing and banqueting facilities is cost-effective and considered appropriate.

Stand-alone restaurants, coffee shops, sports bars and late-night venues

As part of the reporting process, international stadium commercialisation benchmarking was done. The findings, particularly with reference to the United States market, suggest the establishment of a vibrant public entertainment node at the stadium and within its immediate precinct. The establishment of such a node within the stadium building structure on level 0 off Fritz Sonnenberg Road and along Granger Bay Boulevard has been proposed.

Commercial parking

There are currently 1 172 covered parking bays within the stadium structure. The parking and its infrastructure have been designed to support a commercial parking venture such as that currently enjoyed by the Cape Town International Convention Centre. The following markets have been identified: casual parking, tourist, V&A Waterfront overflow, and monthly parking and shuttle for city-bowl workers.

Bulk waste management areas

Possible areas for bulk waste management, which would also allow for environmentally friendly drywaste compacting, recycling activities and wetwaste activities, have been identified on stadium levels 0 and 1.

The way forward

Regarding any proposed property development and any required amendments to the current Western Cape Provincial Record of Decision and City of Cape Town land use zonings in respect of the stadium and immediate precinct (excluding the park), the way forward would involve a three-stage legislative process.

Cape Town Stadium governance model selection

The City will first have to determine the appropriate governance and business management model for Cape Town Stadium from the range of governance and business models presented by the business analyst.

This will involve the City's required adherence to the legislated processes set out in the following provisions of the Municipal Systems Act 32 of 2000:

- Section 76 (legislated mechanisms for the provision of municipal services)
- Section 78 (criteria and process for deciding on mechanisms to provide municipal services)
- Section 80 (process regarding provision of services through service delivery agreements with external mechanisms should the City choose such a model)

The City's decision in this regard will be based on the organisational structure that makes the most sense in terms of ownership, asset management, equity and stakeholder management. The above legislative process involves extensive public participation to deal with, among others, the following aspects:

- The City must disclose the findings of the stadium and park business analysis, and subject the findings to public scrutiny. The publication of this document represents a key part of this process.

Figure 8: Existing and planned permissible buildings

- E Electricity substations
- W Pump stations
- 1 Hellenic Club
- 2 City Parks depot
- 3 Golf clubhouse
- 4 Soccer club
- 5 Rugby club
- 6 SAPS equestrian club
- 7 Maintenance depot
- 8 Scouts
- 9 Maintenance depot
- 10 Tearoom
- 11 SAPS
- 12 Metro Police
- 13 Swiss Club
- 14 MOTH Shellhole
- 15 Green café
- 16 Eco-centre
- 17 Cricket club
- 18 Athletics club
- 19 Tennis club
- 20 Taekwondo club
- 21 Virgin Active
- 22 City Parks facility
- 23 Civic Centre
- 24 Bowls club
- 25 Bridge club
- 26 Crèche
- 27 The Track



- (b) The City must then invite, obtain and respond to public comments, issues and claims raised during the public participation process and interrogation of the findings of the business analysis.
- (c) Aside from said public participation, the legislative process also requires the City to call for nominees from all 'interested and affected parties' who wish to 'partner' with the City as potential participants in the City's finally selected Cape Town Stadium and Green Point Park governance and business management model.
The public call (announcement) for nominees will include the setting out of selection criteria to qualify as a nominee for possible participation in the City's final selection of a governance and business model.

It should be noted that any such application, given the required public participation and possible appeal process, is likely to take a significant period (up to three years).

Environmental impact assessment and LUPO

A similar parallel application process as set out above in respect of any proposed RoD amendment and town planning application process would have to take place in respect of legislated Land Use Planning Ordinance (LUPO) and environmental impact assessment (EIA) requirements. This would again include an extensive public participation process.

Strategy and implementation process

The recommended steps that have to be taken by the City in order to give effect to the property development proposals are also contained in the report. These are:

- the survey of the entire property;
- the development of a long-term strategic vision for the Greater Green Point Urban Park precinct;
- the undertaking of a comprehensive economic feasibility study;
- the working-up of site development plans;
- the preparation and submission of written motivations for the removal or relaxation of current environmental, land use, town planning and other legal restrictions;
- suggestions regarding the most feasible short-term opportunities that are consistent with the aims and objectives of the City;
- establishing which of the proposed property development initiatives are likely to show the best financial returns for the City; and
- suggestions as to the longer-term development and commercialisation opportunities at Cape Town Stadium and Green Point Park.

Regarding any proposed property development and any required amendments to the current Western Cape Provincial Record of Decision and City of Cape Town land use zonings in respect of the stadium and immediate precinct (excluding the park), the way forward would involve a three-stage legislative process.

Record of Decision amendment process

A detailed and comprehensive Record of Decision (RoD) amendment and town planning application will have to be prepared and submitted to the Western Cape Provincial Government to cater for all desired medium to long-term uses that may be required by the City to maximise revenues for the stadium and its immediate precinct. These uses include commercial office development, commercial parking, and stand-alone/third-party restaurants and coffee shops.

Existing anomalies within the current RoD approvals – such as the current arbitrary division of the parking areas along Granger Bay Boulevard – would be addressed in any new application. The City would have to demonstrate compliance with all applicable environmental regulations in respect of any desired property development. Any proposed RoD amendment and town planning application would need to set out the need, desirability and intended uses clearly to justify any amendment of the existing RoD.

Property development process



Figure 9: Proposed Greater Green Point Urban Park property development process

Core recommendations regarding commercialisation

The report sets out a number of core recommendations regarding the maximisation of commercial revenues at Cape Town Stadium. The consultants have already indicated the urgent need to lift some of the more restrictive Record of Decision (RoD) and City of Cape Town land use requirements that apply to the land on which Cape Town Stadium is built. The report refers to, for example, the proposed development of commercial offices, stand-alone/third-party restaurants/coffee shops, small retail outlets and commercial parking – which are all commercial activities that are the norm in respect of large, modern stadiums, and which are not permissible in terms of the current RoD approval.

The report further demonstrates that, without the lifting of certain of the RoD land use and/or activity restrictions, Cape Town Stadium will not within the medium term, under any of the considered business models, achieve the desired break-even on stadium running costs and surplus revenues.

Other core commercialisation recommendations considered in the report include the following:

Naming rights

The City of Cape Town retains the stadium naming rights.

The City actively uses events at Cape Town Stadium to promote any number of its key messages and themes. It develops a five-year market-driven commercial programme around the association between the two, i.e. the City and Cape Town Stadium. It approves a clear branding strategy in respect of all Cape Town Stadium as well as Green Point Park branding and directional and informative signage.

Founder members' rights

In this approach, the original stadium name is retained and a number of 'founding partners' equally share the majority of the available naming rights within the stadium itself.

Some stadiums provide four sponsors the opportunity to each re-name one of the stands or one of the quadrants of the stadium. Others typically have three to six 'founding partners', who are not associated with a stand or quadrant, but rather with different elements of the stadium that align with the sponsor, e.g. IT, media or education.

Pouring rights and concessionaries

The objective of stadium pouring rights sponsorship and advertising is to create other independent revenue streams within the stadium sponsorship market, which are relevant and complementary to the operations of the stadium.

These proposed sponsorships will provide a 'belt and braces' approach, and, in most instances, will allow the stadium to reduce its costs by concluding various supplier deals, either in the form of cash or value in kind.

Importantly, such supplier sponsorship deals/offers should in no way detract from any of the categories listed above.

Preferred suppliers

The objective of these sponsorship/barter deals is to assist in the containment of stadium operational costs and to facilitate the procurement of events through a value in kind (VIK)/barter-type transaction. This is a cost-saving method that often makes marginal events financially viable.

The Cape Town Stadium commercial model

A combination of all of the elements mentioned above (naming rights, founding partners, pouring rights and preferred suppliers), in the right mix, will allow Cape Town Stadium to deliver a quality product to the market.

The report recommended that an interchangeable flexible advertising system (for the stadium bowl pitch perimeter) be used as part of the commercial programme at Cape Town Stadium. This system will allow sponsors to interchange their signage as needed. For example, SAB could use Castle for rugby, Black Label for football and the "don't drink and drive campaign" at both rugby and football because of the system's digital platform. This allows sponsors to talk to different target markets in different ways, depending on the type of event being held.

It was also recommended that the City itself use in-stadium signage to promote its core brand and/or its messages.

Core recommendations regarding eventing

The report recommended that the stadium events calendar be composed using the following process:

- Securing of a premium anchor tenant
- Defining of event criteria
- Formalisation of event bidding process
- Creation of own events

Cape Town Stadium event bidding process

In essence, the primary principles that would underpin Cape Town Stadium event bidding are as follows:

- Identifying sporting and recreational events that are suitable for hosting at the stadium or the park and that are aligned with the City's events strategy
- Establishing an event bidding committee under the guidance and auspices of the recently established City Directorate for Tourism, Events and Marketing in order to ensure focused and high-quality event bidding submissions
- Proactively engaging with all major sporting and recreational codes in South Africa
- Proactively engaging with major events rights-holders in South Africa and abroad
- Undertaking media research on invitation to bid for international events



It is recommended that the City of Cape Town retains the stadium naming rights and uses events at Cape Town Stadium to promote its key messages and themes.



Table 29 contains the core recommendations and outcomes for each of the considerations.

Own events

The concept here is for the current Cape Town Stadium management team to conceptualise, develop, plan and deliver innovative, popular public events, unique to the stadium and/or Green Point Park, on an annual basis.

Consideration would have to be given to the following:

- The implications of producing own events have a significant financial impact, with a significant risk/reward profile. Financing the development, preparation and delivery of the event (underwriting the event) means a share in the profits of the event. The main risk of any event is securing the sponsor, as it is generally agreed that sponsorship and media rights should bring the event close to break-even.
- A well-considered own-event strategy would have to be developed by the City’s management team, assisted by specialists, before it is recommended that Cape Town Stadium (or possibly the City) embark on such a strategy.

The following aspects would make for a good own event for the stadium and/or park:

- Mass appeal
- Unique within the Cape Town market
- Longer-than-average duration
- Event concept must be proven
- Local community interest
- Low relative financial risk
- Alignment with the greater Cape Town events strategy

Development of park and non-bowl events by the Stadium Events Department should result in growing depth in the calendars. It is recommended that the following number of events should be developed:

- 2012 – 12 park events
- 2013 – 26 park events
- 2014 – 52 park events

The possible events considered for the park were all

drawn from the permissible list of activities as per the existing provincial RoD and City land use zoning for the park. In addition, all such events would be subject to the normal City event approval processes. These include the following:

- Orchestral-type concerts
- Classical music soirées
- Public lectures
- Organised public picnics on park event days
- Organised public celebration events
- Start/finish of organised sporting events – running, cycling, etc.
- Adventure activities
- Organised ‘big walks’
- Cape Town Stadium event-day activities, such as merchandising
- Organic markets
- Organised equestrian events
- Religious and public holiday events

Park events can also be developed as ‘twinned’ events, ‘cross-over’ events, or events that are more suitable for the park than other City public areas. A total of approximately 100 non-bowl events would need to be developed over the 2012–2014 period.

Enhancing the stadium event-day experience

The concept of total event/spectator experience has become the catchphrase of contemporary stadium management philosophy. An event now encompasses event-specific travel and transportation arrangements, parking, dedicated spectator routings in the event-day access and egress mode, precinct entertainment nodes, ‘carnival areas’, stadium-accredited temporary merchandising and food and beverage stalls, post-event entertainment, and picnic or braai areas.

Such event-day activities outside the inner perimeter of the stadium must be carefully planned so as not to detract from the primary event focus and, importantly, the potential income generation of the stadium from the spectators.

The own events concept is for the current Cape Town Stadium management team to deliver innovative, popular, public events, unique to the stadium and/or park.

	Recommendation
The overall events calendar	2012 – 20 bowl events 2013 – 26 bowl events 2014 – 30 bowl events (represents market-related capacity for weekend bowl events) Non-bowl events to be increased to 100 events in a year
The mix of events selected	Year 1–3 The focus of the mix of the events calendar will be on premier league soccer. Opportunities to explore in order to maximise use include the following: Larger Ajax FC, Santos FC and Chippa United FC matches to be played in stadium Higher level of focus on concerts Focus on once-off events such as political and religious rallies and festivals Longer term (4–20 years) The majority of capacity will be taken up by the anchor tenants once they have been secured. The remainder of bowl events will be driven by market demand. The focus for event creation and marketing will shift to non-bowl and park events. Own events – 1 per annum

Table 29: High-level overview of projected events calendar

Core recommendations for hospitality

In essence, the final hospitality suite solution recommended in the report can be summarised as follows:

- The sale of all-inclusive hospitality packages (i.e. inclusive of tickets, food and beverage, and use of the suite on event days)
- Sale of corporate hospitality suites on a multi-year basis, with a fixed annual escalation
- Corporate hospitality suites to be sold individually for each sporting code, with event tickets being sold in the suite for concerts
- Pricing is based on categories according to the size and location of each suite
- Depending on the model, the suite packages will vary, e.g. a non-anchor tenant operator with multi-anchor tenants will mean that the suite would need to be fitted by the operator and rotated in the package. The adopted model needs to be much more flexible and advanced.

Non-event day use of hospitality facilities

A review of hospitality suite use in some of the major South African stadiums has shown that hospitality suite holders have started utilising their facilities for business purposes on non-event days.

If service excellence can be demonstrated to the market, there is literally an endless bouquet of stadium-serviced business/private functions that could take place simultaneously at the stadium on non-event days, unlocking brand-new revenue streams.

Besides direct food and beverage revenues, other commissionable services, such as staff solutions, temporary staffing, hiring, decor, floral, stage and sound entertainment could bolster stadium operating revenues even further.

Core recommendations regarding marketing and communications

The collective marketing and communication objectives for Cape Town Stadium and Green Point Park should be to:

- generate awareness and a positive disposition towards the stadium, the park, the City and their respective offerings from local residents, national and international tourists and event organisers;
- attract high levels of interest among the defined target market and achieve an ongoing and

sustainable business outcome;

- make every conceivable effort to persuade the leading local professional sporting codes to move their headquarters to the stadium;
- ensure that the public perception of the stadium and park is so powerful, exciting and enticing that major high-profile brands will want to associate with what they offer;
- ensure high levels of foot traffic through the stadium and park as a result of year-round innovative, unique and popular attractions and events;
- encourage more local and foreign spectators/visitors to the area (as was the case with the recent pre-season Manchester United tour match at Cape Town Stadium) prior to, during and after events; and
- ensure that the stadium and park become venues of choice for event organisers, both locally and internationally.

Monitoring, measurement, evaluation and research

The report recommends that a proper investment be made in media and public relations by Cape Town Stadium. As such, it is important that the effectiveness of such an investment is measurable.

The methods for measuring effectiveness may include:

- an ongoing perception audit to measure both internal and external awareness and perception of the stadium and park;
- measurement of achievement of the defined media exposure objectives as well as key performance indicators with regard to staff performance;
- the tracking of brand growth perception and success with established brand positioning; and
- social media hit/page growth and efficiency measures, together with standard offline and online campaign tracking.

As part of the execution of the marketing and communications plan proposed in the business analyst report, elements that will best grow the stadium brand (such as large events) will be identified.

During the periods between these large events, alternative events and activities will be identified to assist in ensuring a positive and ongoing brand experience, which will benefit the overall objectives referred to earlier, and will avoid any marketing and communications 'flat points'.



The report recommends that a proper investment be made in media and public relations by Cape Town Stadium. As such, it is important that the effectiveness of such an investment is measurable.

Public participation process

Residents are invited to participate in the legislative and nomination processes set out in this public information document relating to the future governance and management of Cape Town Stadium and Green Point Park. This is an important matter and the City values your input.

Public comments, compliments, complaints or other input should be submitted by 31 March 2013. People who wish to comment using the form below should cut it out or copy it and fax or post it to:

Fax: 021 418 7446
Post: Stadium Business Plan
Attention: Michelle Jackson
Tourism, Events & Marketing Directorate
PO Box 298, Cape Town 8000

Alternatively, please e-mail your comments to: haveyoursay@capetown.gov.za
or visit the City's website at www.capetown.gov.za/haveyoursay
to leave your comments on the short form provided.

Stadium Business Plan
Attention: Michelle Jackson
Tourism, Events & Marketing Directorate
Fax 021 418 7446 / PO Box 298, Cape Town 8000

Name:

E-mail: Phone (during office hours, please):

I would like to make known my views regarding the Cape Town Stadium Plan.

I have read the business plan and support its key findings

Yes No

I have read and understand the financial implication should the City opt not to enter a management agreement with an external service provider

Yes No

I support the City's intention to pursue arrangements with third parties to help ensure the viability of Cape Town Stadium.

Yes No

Any other comments:

.....
.....
.....
.....
.....
.....
.....

Follow your City via these channels:

 www.capetown.gov.za

 www.facebook.com/CityofCT

 www.twitter.com/CityofCT

 www.youtube.com/cctecomm





CITY OF CAPE TOWN | ISIXEKO SASEKAPA | STAD KAAPSTAD

THIS CITY WORKS FOR YOU

