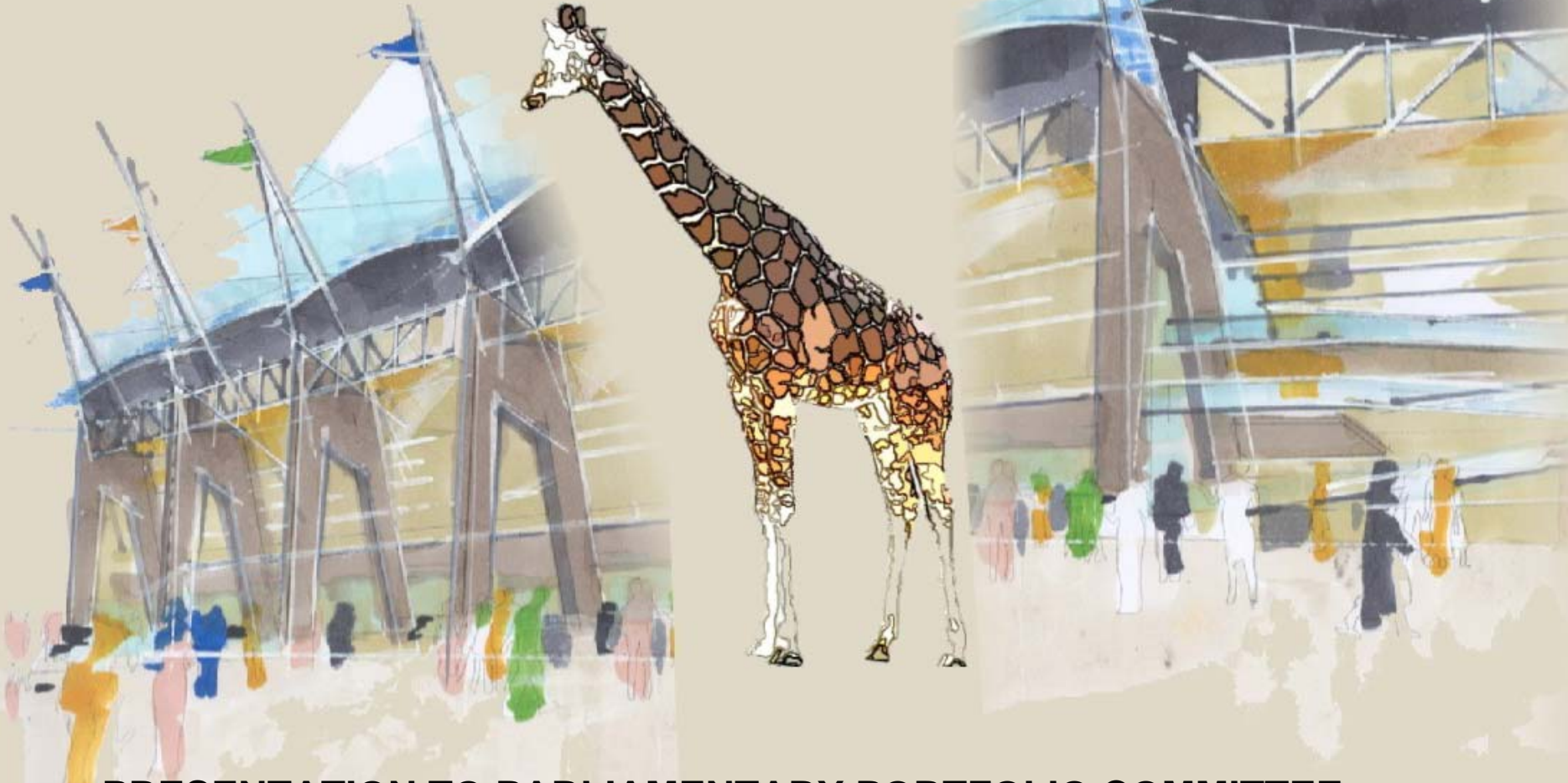


MBOMBELA WC2010 STADIUM

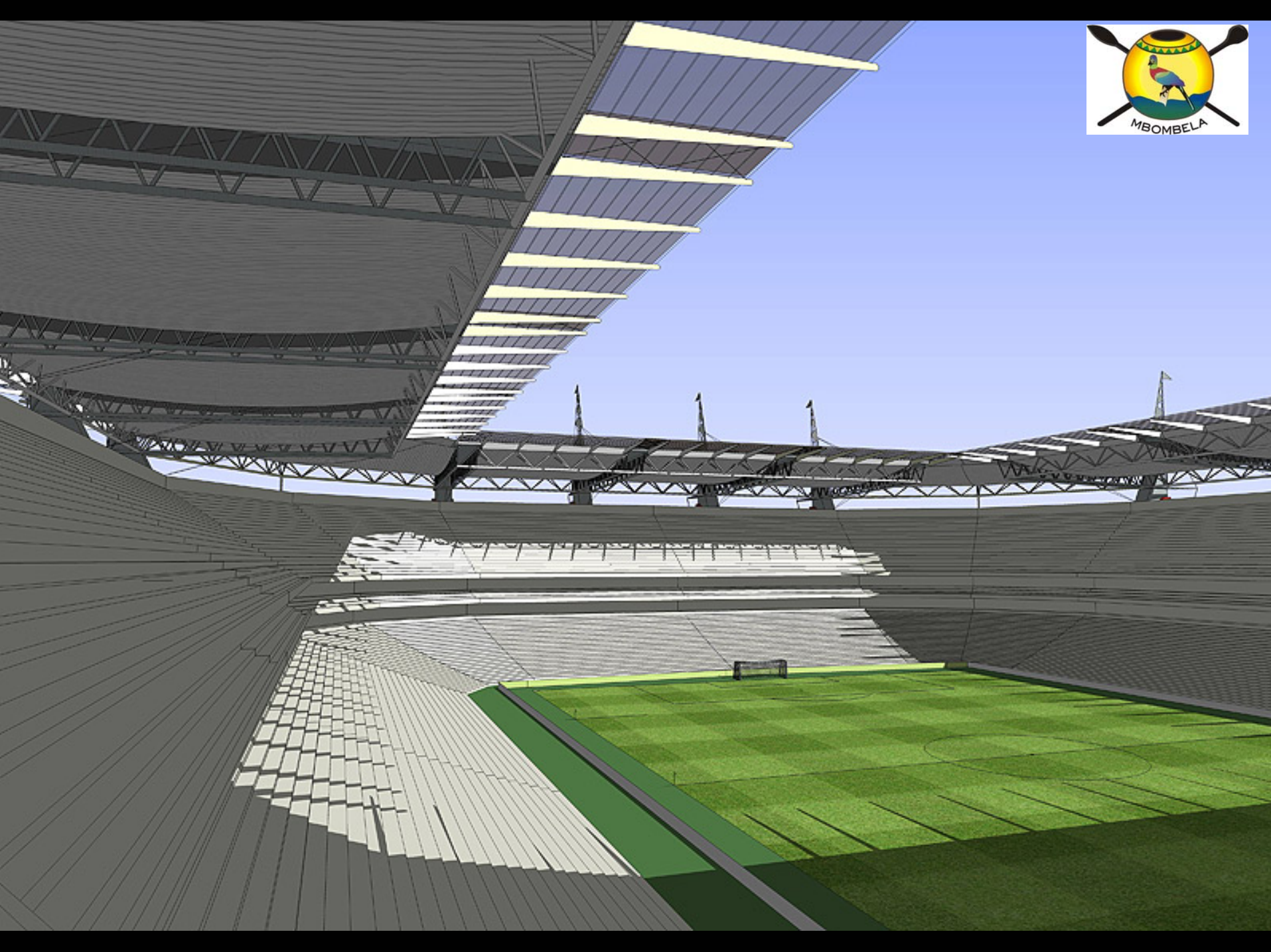


**PRESENTATION TO PARLIAMENTARY PORTFOLIO COMMITTEE
"ALLEGED FUNDING CRISIS"**



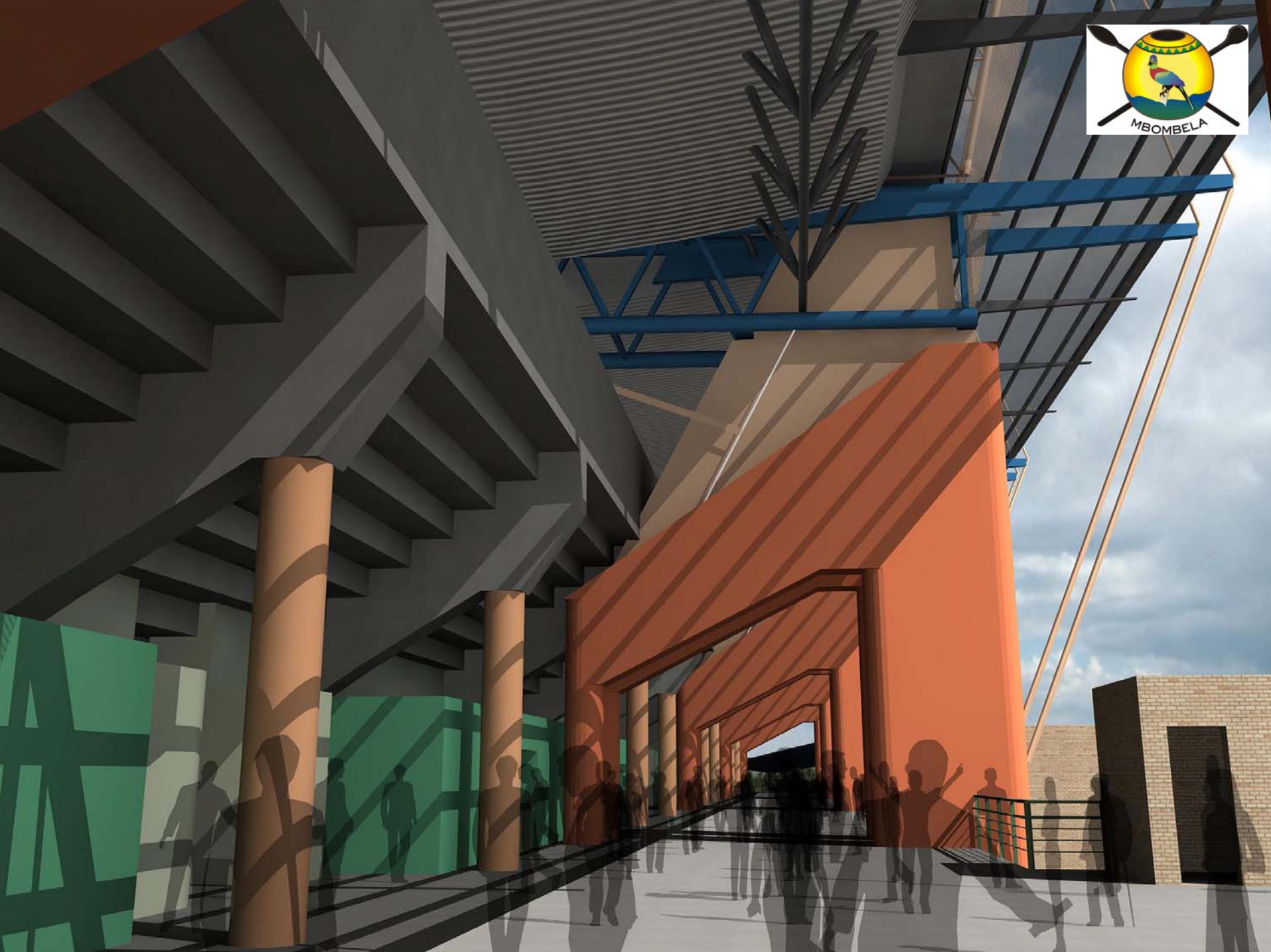
















PROGRESS TO DATE

PROGRAMME FOR MBOMBELA STADIUM

- **Site Clearance Started** 01 Aug 2006
- **Fencing Contract Started** 01 Nov 2006
- **Original Planned Start Earthworks** 18 Sep 2006
- **Main Contract Ready Pending Funding** 16 Oct 2006
- **Funding Transferred** 22 Dec 2006
- **Main Contractor on Site** 24 Jan 2007



FUNDING FOR MBOMBELA STADIUM

SCOPE OF PROJECT COVERED BY FUNDING

- Preliminary Work
- Stadium Construction
- Zone 4 Development
- Event Overlay Allowance
- Professional Fees
- Project Management



FUNDING FOR MBOMBELA STADIUM

FUNDING ALLOCATED TO STADIUM VS QS ESTIMATE

- **QS Estimate incl Zone 4: 20 Jun 06** **R 909,395,469**
- **DBSA Pres. Upper Limit: 23 Aug 06** **R 950,848,982**
- **DBSA Pres. Lower Limit: 23 Aug 06** **R 856,102,452**
- **QS Estimate to DBSA: 23 Aug 06** **R 909,395,469**
- **QS Tender Estimate: 18 Sept 06** **R 877,603,668**
- **Funding allocated to Mbombela** **R 855,000,000**



FUNDING FOR MBOMBELA STADIUM

QUANTITY SURVEYOR'S ESTIMATE TO DBSA

1	• Preliminary Work	R 17,700,000
2	• Stadium Construction & Zone 4	R 761,697,796
3	• Event Overlay Allowance	R 0
	• Professional Fees	R 114,649,416
	• Project Management	<u>R 15,198,257</u>
	TOTAL COST OF STADIUM (excl VAT)	<u>R 909,395,469</u>



FUNDING FOR MBOMBELA STADIUM

FUNDING ALLOCATED TO STADIUM VS QS ESTIMATE

- **QS Estimate to DBSA: 23 Aug 06** R 909,395,469
- **Add Allowance for Event Overlay** R 17,500,000
- **Total Projected Cost at Tender Closing** R 926,895,469
- **Funding allocated to Mbombela** R 855,000,000
- **Projected Shortfall at Tender** R 71,895,469



FUNDING FOR MBOMBELA STADIUM

COST ESTIMATE FOR STADIUM VS TENDERS RECEIVED

- Cost Estimate including Zone 4 R 926,895,469
- Tender Received R 952,687,777
- Additional Shortfall R 25,792,308



FUNDING FOR MBOMBELA STADIUM

COST ESTIMATE FOR STADIUM VS TENDERS RECEIVED

- Tender Received R 952,687,777
- Funding allocated to Mbombela R 855,000,000
- Shortfall R 97,687,777



CURRENT MBOMBELA STADIUM BUDGET

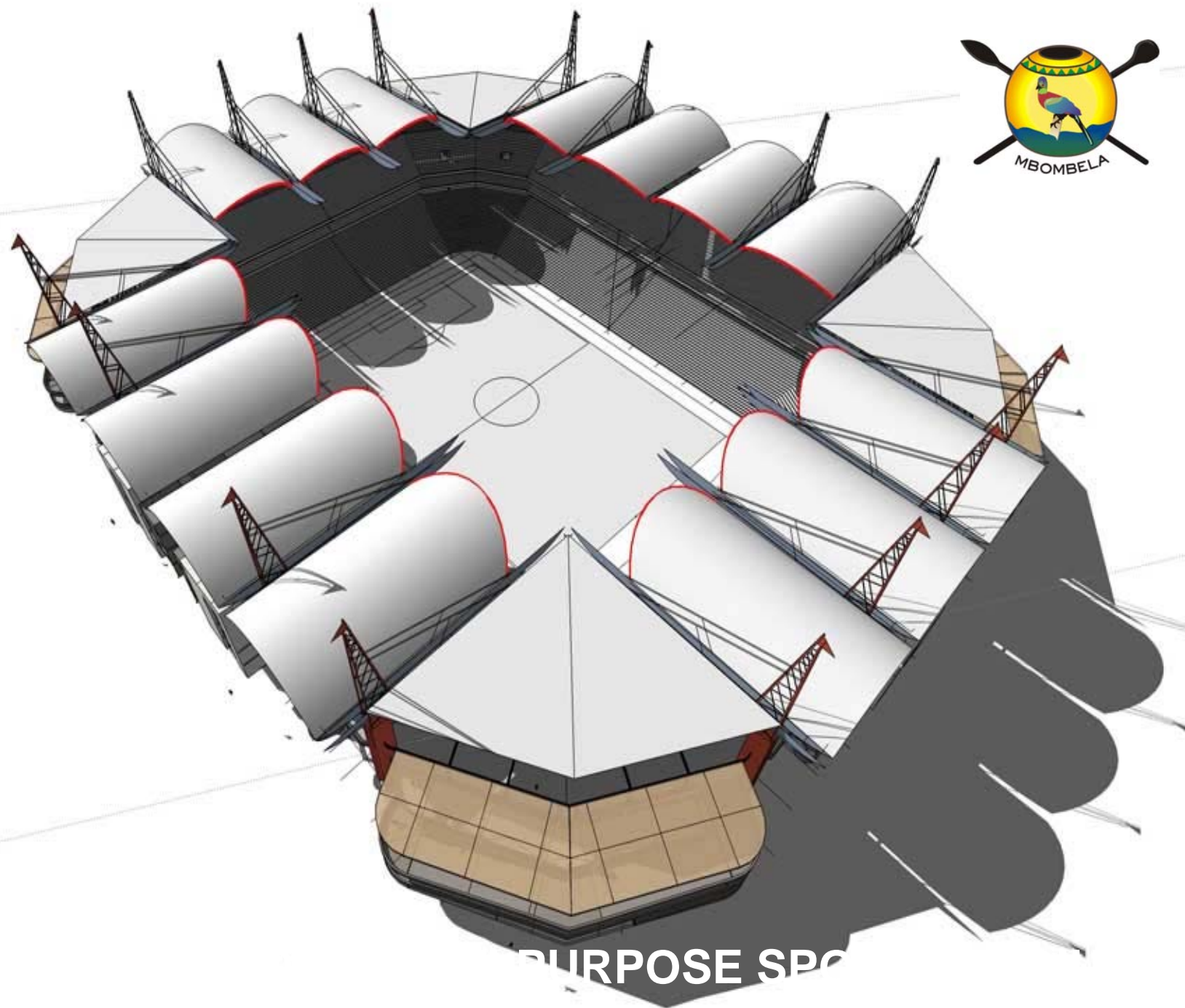
• Preliminary Work	R 1,398,735
• Stadium Construction & Zone 4	R 729,698,430
• Event Overlay Allowance	R 15,000,000
• Professional Fees	R 107,544,393
• Project Management	R 14,256,395
• Direct Costs & Specialists	<u>R 7,102,047</u>
TOTAL COST OF STADIUM (excl VAT)	<u>R 875,000,000</u>



FUNDING FOR MBOMBELA STADIUM

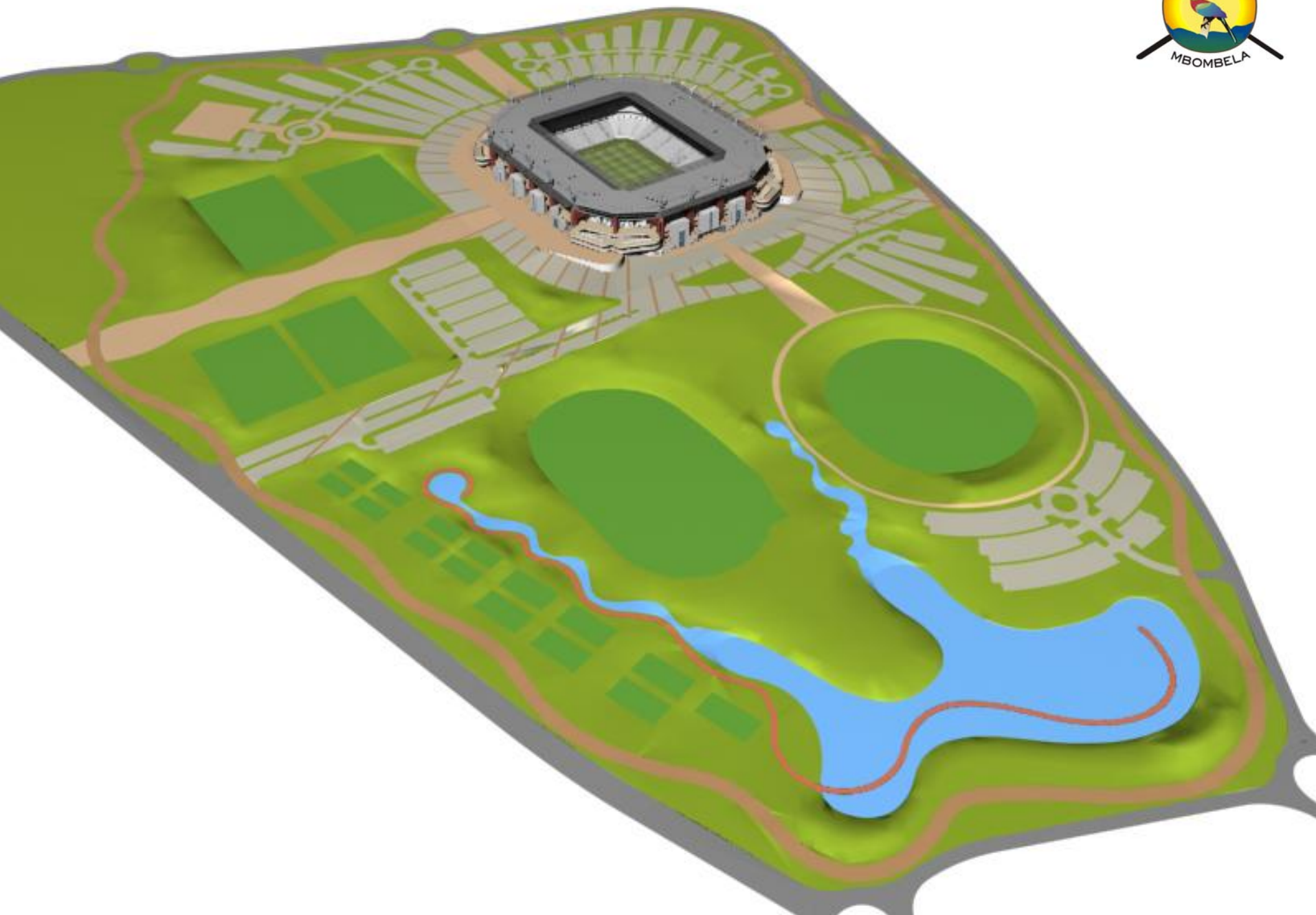
ITEMS REDUCED TO MEET FUNDING ALLOCATED

- Builders Work: Re-measurement R 6,581,483
- Prov. Sums: Signage, Landscaping: R 8,559,603
- Roof Steelwork, Roof Covering, etc. R 16,650,000
- External Works: Parking etc. R 46,660,000
- Contractor's Mark-up R 7,209,358
- Reduction of Prof Fee on Savings R 12,027,333
- TOTAL SAVINGS IDENTIFIED R 97,687,777



MULTI-PURPOSE SPORTS







FUNDING FOR MBOMBELA STADIUM

COST ESTIMATE FOR STADIUM VS TENDERS RECEIVED

• Tender Received	R 952,687,777
• Funding allocated to Mbombela	<u>R 855,000,000</u>
• Shortfall	R 97,687,777
• Savings Implemented	<u>R 97,687,777</u>
• Immediate Shortfall	<u>R Nil</u>



FUNDING FOR MBOMBELA STADIUM

RELATED PROJECTS NOT INCLUDED IN FUNDING

- **Parking Areas, Practice Fields, Drop-off Areas**
- **Access Roadways and Intersections**
- **Public Transport Upgrade including Station Upgrade**
- **Bulk Services Upgrading (Electricity, Water, Sewer)**
- **Practice Venues**
- **Public Viewing Sites**



APPROACH TO DEVELOPMENT OF STADIUM

SCOPE DETERMINING FACTORS

- **FIFA WC2010 Compliance**
- **Safety at Stadia Compliance**
- **LOC Prescriptions**
- **Client Scope of Work**
- **Legacy: PSL Requirements**



COST EFFECTIVE STADIUM DESIGN

FACTORS INFLUENCING COST OF STADIUM

- **Capacity (40,000 plus Media and VIP)**
- **Function of Stadium (Football only)**
- **FIFA WC & PSL Stadium Accommodation (Guidelines)**
- **Technical Requirements: HDTV, Access, Displays**
- **Roofing of Spectators (100% cover = 10% of Budget)**
- **External Works, Parking, Practice Fields, Landscaping**
- **Business Opportunities: Retail, Suites, Club, Debenture**



REASONS FOR INCREASED TENDER PRICES

- **Tenders are very close to Cost Estimate**
- **Funding Allocated Less than Cost Estimate**
- **Shortfall Covered by Cost Savings**
- **Additional Funding to be sourced to restore full Scope**



CONSTRAINTS CAUSED BY MFMA

- MFMA not considered to be a problem
- MFMA is good practice for protection of all
- Delays in obtaining approval / signatures on EIA etc
- Delays in transfer of Funding



LOOKING FORWARD TOWARDS WC2010

PROGRAMME FOR MBOMBELA STADIUM

- **Site Clearance Progress** 100%
- **Fencing Contract Progress** 100%
- **Earthworks for Drainage of Site** 100%
- **Ready to Start Pending Funding** 16 Oct 2006
- **Funding Transferred** 22 Dec 2006
- **Main Contractor on Site** 24 Jan 2007
- **Completion of Stadium for Use** 15 Dec 2008



