

ITEM NUMBER : C 25/03/11

RECOMMENDATION FROM THE EXECUTIVE MAYOR: 15 MARCH 2011

MC 26/03/11 HOSTING OF THE U2 AND NEIL DIAMOND CONCERTS AT THE CAPE TOWN STADIUM

RECOMMENDED that:

- (a) Council notes the increase in income from R1, 885, 000.00 to R2, 529, 715.68 generated from hosting the U2 Concert
- (b) condonation be granted for the expenditure incurred in hosting the U2 Concert in the amount of R1, 661, 595.27 as per Annexure "B" to the report on the agenda
- (c) authority be granted for the estimated expenditure in hosting the Neil Diamond Concert in the amount of R638, 275.00 as per Annexure "C" to the report on the agenda
- (d) authority be granted to the Executive Director: Transport, Roads & Major Projects to incur unforeseen City expenses up to a limit of R100, 000.00 relating to hosting of the Neil Diamond Concert and to recover any additional expenditure from the Concert Organizer.

REPORT TO COUNCIL



CITY OF CAPE TOWN ISIXEKO SASEKAPA STAD KAAPSTAD



1. ITEM NUMBER : MC 26/03/11

2. SUBJECT

HOSTING OF THE U2 AND NEIL DIAMOND CONCERTS AT THE CAPE TOWN STADIUM

ONDERWERP

LSUB0793

AANBIEDING VAN DIE U2- EN NEIL DIAMOND-KONSERT BY DIE KAAPSTAD-STADION

ISIHLOKO

UKUSINDLEKWA KWEKONSATHI EYI-U2 NE-NEIL DIAMOND KWISTEDIYAM SASEKAPA

LSUB0793

3. PURPOSE

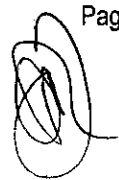
The purpose of this report is to advise Council of the reconciled financial accounts for the U2 Concert and to seek condonation from Council for the operational expenditure relating to the Concert. In addition approval is sought for the estimated expenditure for the Neil Diamond Concert.

4. FOR DECISION BY

Council

5. EXECUTIVE SUMMARY

Following negotiations to host the U2 and Neil Diamond Concerts at the Cape Town Stadium a report was submitted to Council in October 2010 (C87/10/10) seeking authority for the hosting of the Neil Diamond and U2 Concerts and for the rental amounts charged. Approval was granted to Big Concerts for the Hosting of both Concerts. The relevant resolution is attached as Annexure "A". This report now seeks condonation for the expenditure on the U2 Concert as indicated in the reconciled income and expenditure statement attached as Annexure "B".



Furthermore, approval is sort for the anticipated expenditure for the Neil Diamond Concert as set out in Annexure "C".

6. RECOMMENDATIONS

It is recommended that:

- a) Council note the increase in income from R1,885,000.00 to R2,529,715.68 generated from Hosting the U2 Concert.
- b) Condonation be granted for the expenditure incurred in hosting the U2 Concert in the amount of R1,661,595.27 as per Annexure "B".
- c) Authority be granted for the estimated expenditure in hosting the Neil Diamond Concert in the amount of R638,275.00 as per Annexure "C".
- d) Authority be granted to the Executive Director: TRAMP to incur unforeseen City expenses up to a limit of R100,000.00 relating to the hosting of the Neil Diamond Concert and to recover any additional expenditure from the Concert Organizer.

AANBEVELINGS

Daar word aanbeveel dat:

- a) Die Raad kennis neem van die toename in inkomste van R1,885,000.00 na R2,529,715.68 wat uit die aanbieding van die U2-konsert gegenereer is.
- b) Die uitgawes ten bedrae van R1,661,595.27 wat aangegaan is met die aanbieding van die U2-konsert, weergegee in Bylae "B", gekondoneer word.
- c) Magtiging verleen word vir die geraamde uitgawe van R638,275.00 vir die aanbieding van die Neil Diamond-konsert, weergegee in Bylae "C".
- d) Magtiging verleen word aan die uitvoerende direkteur: TRAMP vir die aangaan van onvoorsiene Stadsuitgawes verbonde aan die aanbieding van die Neil Diamond-konsert en om enige bykomende uitgawes van die konsertorganiseerder te verhaal tot 'n limiet van R100,000.00.

IZINDULULO

Kundululwa ukuba:

- a) IBhunga malikuqwalasele ukonyuka kwengeniso ukususela kwi-R1,885,000.00 ukuya kwi-R2,529,715.68 eyenziwe ngokusindleka ionsathi eyi-U2
- b) Mayixhaswe inkcitho-mali eyenziweyo ngokusindleka ikonsathi eyi-U2 yexabiso elifikelela kwi-R1,661,595.27 njengoko kubonisiwe Kwisihlomelo "B".

- c) Makunikezelwe igunya lenkcitho-mali ethekelelwayo yokusindlekwa kwekonsathi eyi-Neil Diamond yexabiso elifikelela kuma-R638,275.00 njengoko kubonisiwe Kwisihlomelo "C".
- d) Makunikezelwe igunya kuMlawuli weSigqeba: TRAMP lokwamkela iindleko ezingalindelekanga zesiXeko eziya kufikelela kumlinganiselo we-R100 000,00 eziphathelene nokusindlekwa kwekonsathi eyi-Neil Diamond kunye nokufumana kwakhona nayiphi na inkcitho-mali eyongeziweyo kumququzeleli wekonsathi.

7. DISCUSSION/CONTENTS.

The Council granted approval for the U2 and Neil Diamond Concerts in October 2010. The Report in October 2010 indicated that the income and expenditure statement was an estimation based on the information available at the time. Two factors impacted on the anticipated expenditure and income:

1. This was the first music concert in the Cape Town Stadium and many changes to the original plan had to be made to ensure compliance with the requirements for the holding of such a major event.
2. This is the biggest rock concert currently on tour in the world and even the promoter was caught by surprise by some of the additional logistical requirements.

An accurate financial income and expenditure statement is therefore only possible after reconciliation has been carried out post the event.

All the negotiations with the Concert Organizer relating to the hosting of the U2 Concert at the Cape Town Stadium were captured in a Contract which was duly signed by the Concert Organizer and the City.

Based on the concept of letting the Stadium to the event operator on the "clean stadium" model, the City estimated making a modest operational excess of R513,640.00 for the U2 Concert and R296,725.00 for the Neil Diamond Concert. This model exposed the City to a very low risk, and guarantees revenue as the entire facility is let to the Event Organizer and they are responsible for all services relating to the event. Following the very successful hosting of the U2 Concert where a capacity crowd of 72 000 attended, the net operational income to the City increased to R868,620.41. (See Annexure "B").

a. **Constitutional and Policy Implications**

None

b. **Environmental implications**

Does your report have any environmental implications: No Yes

c. **Financial Implications**

Operating Budget Provisions:

Cost Centre/WBS		N11.20103-CT.U2
Cost Centre Description		2010WC- U2 CONCERT
Budget 2010/2011	Provision	R1,661,595
Spent date/Committed	to	R209,842
Balance Available		R1,451753
Funds Required (this report)	(this report)	Approval to proceed

d. Legal Implications**None****e. Staff Implications**

Does your report impact on staff resources, budget, grading, remuneration, allowances, designation, job description, location or your organisational structure?

No Yes **f. Risk Implications**

None

g. Other Services Consulted

Not applicable


ANNEXURES

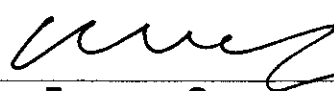
Annexure "A": Council minutes re the Hosting of the U2 and Neil Diamond Concerts

Annexure "B": Reconciled (Actual) Income and Expenditure U2 Concert

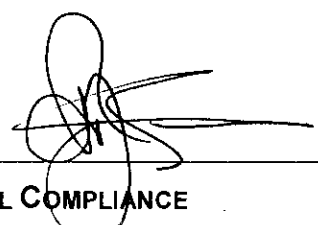
Annexure "C": Estimated income and Expenditure Neil Diamond Concert

FOR FURTHER DETAILS CONTACT :

NAME	Lesley de Reuck
CONTACT NUMBERS	021 4170114
E-MAIL ADDRESS	Lesley.deReuck@capetown.gov.za
DIRECTORATE	Transport, Roads & Major Projects
SIGNATURE : DIRECTOR (Delete if not necessary)	


 _____ Comment:
CHIEF FINANCIAL OFFICER
or his nominee
 (Author to obtain signature before submission to Executive Support)

NAME OT RICHARDSON
 DATE 9/3/11



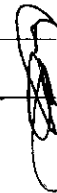
LEGAL COMPLIANCE


REPORT COMPLIANT WITH THE PROVISIONS OF COUNCIL'S DELEGATIONS, POLICIES, BY-LAWS AND ALL LEGISLATION RELATING TO THE MATTER UNDER CONSIDERATION.
 NON-COMPLIANT

NAME JÉAN ROMAN
 TEL (021) 400 - 2753
 DATE 9/03/2011

Comment:

 Certified as legally compliant:

 Based on the contents of the report 

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Comment:

EXECUTIVE DIRECTOR
Mr. M Marsden
Transport Road & Major Projects
(Author to obtain signature before submission to
Executive Support)

DATE 2011-03-09

(Author to obtain all signatures before submission to Executive Support)