

NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER 1116

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Mr N Singh (IFP) to ask the Minister of Finance:

- (1) Whether the construction of the stadiums and related infrastructure for the 2010 Fifa World Cup Soccer tournament has been concluded within the budget; if not, why not; if so, what are the relevant details;
- (2) whether Treasury has received any requests from hosting cities for additional appropriations; if so, (a) from which cities, (b) what were the amounts requested and (c) what was the motivation for the requested amounts?

NW1268E

REPLY

- (1) The construction of six new stadiums and related infrastructure was not concluded within the budget at the time of tender in October to December 2006.

An analysis of the Host City tender documentation was carried out. The tenders included significant provisional amounts. Provisional amounts are those amounts that were included in the tender documentation that the Host City's contracted architects, design engineers and cost estimators were not sure about. When pricing the tender the contractor determines the risks and prices accordingly. The higher the provisional sums the greater the risk of cost overruns. Below is a table that presents the provisional sums included in the tender documentation as a percentage of total estimated cost.

City	Provisional Sum % of Total Capital Cost
Mbombela	25
Polokwane	30
Nelson Mandela Bay	37
eThekweni	50
Soccer City	55
Cape Town	60

(2) Yes.

The following hosting cities requested additional appropriations:

(a) The following hosting cities requested additional appropriations for stadium capital expenditure in the 2009 National Government Budget Process.

City of Johannesburg

City of Cape Town

eThekweni

Mbombela

Polokwane

(b) The amounts requested for stadium capital expenditure were:

City of Johannesburg : R814 million

City of Cape Town : R650 million

eThekweni : R114 million

Mbombela : R56 million

Polokwane : R60 million

(c) The motivation of the request was to fund budget shortfalls and escalation in input costs and also to assist Host Cities to meet shortfalls in capital expenditure

The national fiscus assisted with interest payments, in financial years 2009/2010 and 2010/2011, on long term loans taken out by the Host Cities. After which the Host Cities should have appropriate business models to ensure financial sustainability of the facilities in place