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**GOVERNMENT NOTICE**

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**NATIONAL TREASURY****No. 612****5 June 2008**

I, Trevor Manuel, MP, in my capacity as the Minister of Finance, hereby publish, in accordance with sections 22(3) and (4) of the Division of Revenue Act, 2008 (Act No. 1 of 2008), the amended framework for the 2010 FIFA World Cup Stadiums Development Grant to replace the same as published in *Government Notice No. 30978 of 14 April 2008*.



TREVOR A MANUEL, MP  
MINISTER OF FINANCE

<b>2010 FIFA World Cup Stadiums Development Grant</b>	
<b>Transferring department</b>	Sports and Recreation, Vote 17
<b>Purpose</b>	<ul style="list-style-type: none"> <li>To fund the design and construction of new designated stadiums or the design and upgrading of designated existing stadiums and supporting bulk services (such as bulk water, sanitation and electricity management) in World Cup Host Cities.</li> </ul>
<b>Measurable Outputs</b>	<ul style="list-style-type: none"> <li>Appropriately resourced divisions in Host City municipal offices to undertake large multi-faceted stadium development projects and contract management as required for the 2010 FIFA World Cup and thereafter</li> <li>Project management units in place and functioning in Host City offices</li> <li>Creation of 30 000 short-term and 10 000 long-term jobs</li> <li>Ensure timely disbursement of the 2010 FIFA World Cup Stadiums Development funds in line with milestone payment schedule with appropriate monitoring and control mechanisms</li> <li>Funds conversion rate to fixed asset (monitor disbursement of funds from National Department to Host City)</li> <li>Construction contract monthly milestone achievement milestone achievement progress reports</li> <li>Five new stadiums constructed and completed for the 2010 FIFA World Cup competition</li> <li>Five existing stadiums upgraded for the 2010 FIFA World Cup competition</li> </ul>
<b>Conditions</b>	<ul style="list-style-type: none"> <li>The project and funding must be approved by the municipal Council in accordance with the Municipal Finance Management Act</li> <li>The allocation must be used for the following, subject to the specific maximum amounts allocated for each component: <ul style="list-style-type: none"> <li>The construction of a new stadium or the upgrading of an existing stadium designated by the transferring national officer in consultation with the receiving municipality</li> <li>The provision and installation of bulk service infrastructure to ensure a functional stadium designated stadium for the 2010 FIFA World Cup competition and thereafter to the amount indicated in Schedule 6; and transaction advisory cost</li> </ul> </li> </ul> <p>The municipality must:</p> <ul style="list-style-type: none"> <li>Enter into a construction contract with a qualified construction company in accordance with its supply chain management policy. The construction contract must be consistent with best practice and, specifically require the contractor to have insurance commensurate with the risks associated with the construction and provide indemnities and guarantees in to respect of the structure;</li> <li>Appoint and retain a dedicated project manager for the duration of the project that is responsible for managing the performance of the construction company in accordance with the construction contract;</li> <li>Ring-fence funds transferred to the municipality's primary bank account and interest thereon in a separate dedicated 2010 FIFA World Cup Stadium secondary account.</li> <li>Annually submit a detailed project plan to the national transferring officer by 1 April, which must provide for separate cost centres for professional fees, the stadium, bulk services infrastructure and overlay.</li> <li>Cap the professional fees to within a maximum of fifteen percent of the additional cost variation of the original construction at the time of the contractor's appointment. The recipient must present proof the fees have been capped to the transferor 31 July 2008. Calculate input cost escalation according the Joint Building Contracts Committee indices application manual dated May 2005.</li> <li>Provide proof that original budget provision for input cost escalation requires additional funds per work group index as presented in the Joint Building Contracts Committee Work Groups Composition and Weightings Sub-Indices.</li> <li>Provide detailed analysis of consumption of the funds provided for in the contingencies line item.</li> <li>Provide a detailed analysis of the budget of provisional sum items and deviations from that budget.</li> <li>Provide a detailed sources and application of funds statement of the current project value and that of the shortfall in funds.</li> </ul> <p>If there is a shortfall in funding for the construction of the stadium the municipality:</p> <ul style="list-style-type: none"> <li>May approach the Development Bank of Southern Africa for a concessionary loan. The interest on the loan will be subsidized from the National Revenue Fund up to a maximum amount provided for in the Division of Revenue Act and only in financial years 2009/2010 and 2010/2011. To claim the interest subsidy the municipality must provide a copy of the loan agreement to the transferor.</li> </ul>
<b>Allocation Criteria</b>	Grant allocated based on projected funding requirements of World Cup Host Cities.
<b>Reason not incorporated in equitable share</b>	The conditional allocation is made for specific sports facilities to be constructed or upgraded by designated World Cup Host Cities for the 2010 FIFA World Cup.
<b>Monitoring system</b>	Submission of monthly professional quantity surveyor's cost report and expenditure reports by municipalities as stipulated in the Division of Revenue Act. The Municipality must allow the

	transferor or his/her representative to participate in the stadium development project related meetings including construction site meetings.
<b>Past performance</b>	<b>2006/07</b> R 600 million was allocated to municipalities to commence construction of stadiums
<b>Projected life</b>	2007/08 to 2009/10
<b>MTEF allocations</b>	2008/09: R 2,9 billion 2009/10: R 1,4 billion 2010/11: R 100 million
<b>Payment schedule</b>	Transfers will be made in accordance with the payment schedule determined in terms of section 33 of the Act
<b>Responsibilities of the National department</b>	Provided for in the Division of Revenue Act
<b>Process for approval of 2009 MTEF allocations</b>	<ul style="list-style-type: none"> <li>• The distribution mechanism/ criteria to be finalised by 31 October 2008</li> <li>• Final allocations to be submitted to National Treasury by 15 January 2009</li> </ul>

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