

SECTION 4. MULTI PURPOSE VENUE

4.1 CONCEPT

The concept is to develop a multi-purpose venue at the Marina Glen site to cater for a variety of markets.

The recommendation is for an indoor facility that can cater for up to 2 500 people during indoor events such as boxing matches, but also be able to cater for conference delegates. The design should include a large hall that can be subdivided for breakaway rooms during conferences. Innovative design is required and we recommend that the facility have a stage that can open its doors to the outside to host larger events and to provide entertainment to holidaymakers during the peak holiday season.

We recommend that the facility be as versatile as possible to ensure its commercial viability. In general facilities such as these cover their operating costs, if well managed, but do not show a return on capital. Accordingly we recommend that the Buffalo City Municipality develop the venue and outsource the management of it to a suitable private operator. Buffalo City will benefit from this development through the economic impact of hosting events as visitors spend money on accommodation, car hire, food & beverage, shopping etc.

We stress the multi-use of the facility and recommend that the facility be used for:

- Indoor sports events such as boxing, basketball, indoor cricket, etc;
- Conferences;
- Exhibitions;
- Launch events;
- Concerts; and
- Live entertainment for holidaymakers during the holiday season.

We also stress that the operators of the multi-use facility and also the Buffalo City Municipality will need to be innovative in the marketing and hosting of events. Both parties would need to be proactive in promoting the facility and creating events. This facility has to be used as the catalyst to fill other facilities on the site

and in the city, and therefore other facilities may have to provide good rates for these events and pitch in with marketing costs.

It has also been recommended by Ithemba Environmental that a botanical garden be incorporated in the development to conserve the indigenous and endemic trees found on the Marina Glen site.

4.2 LOCATION

The Centre will be located in the main beachfront node on the Marina Glen site.

4.3 FUNCTIONALITY

The Centre will serve as a conference venue for delegates during the low holiday season, while serving as an entertainment venue for holiday visitors during the peak holiday season. The Centre will also host various events for residents, day visitors, weekend break visitors, etc.

4.4 INSTITUTIONAL STRUCTURE

We recommend that the management of the centre be outsourced to a private operator. The management contract should contain performance clauses to incentivise the operator to market and fully utilise the centre.

The centre will be a public private partnership between the following parties:

- Buffalo City Municipality;
- Private operator;
- Private Sector Sponsors;
- Foreign Donors.

4.5 TARGET MARKETS AND MARKET DEMAND

The Centre will focus on a broad range of markets including Meeting, Conference, Incentive and Event visitors, Eastern Cape Day Visitors, Eastern Cape City Break Visitors, Weekend Break (Black mid market) visitors, Eastern

Cape Holiday Visitors, Domestic VFR Visitors and Medium and High Income Holiday Visitors from the Western Cape, KwaZulu-Natal, the Free State and Gauteng.

The demand projections for the venue are shown on **Page 7 of Annexure C**. Based on our primary research in the study area and our knowledge of the tourism industry we project that the venue will host 226 events during the year ranging from conferences, ½ day events such as breakfast meetings, concerts and product launches to exhibitions.

Based on the projected size of the events and their duration we project that the venue would host around 17 400 people event days per annum.

4.6 TRANSPORT AND INFRASTRUCTURAL ISSUES

Access to the Marina Glen would need to be improved for busses and other vehicles. The public amenities would also need to be upgraded, while safety and security would need to be improved.

4.7 SPATIAL PLANNING ISSUES

- **Context within the Spatial Development Framework**

This project is located within the extended Central Beachfront Area, which is identified in the Buffalo City Spatial Development Framework as comprising part of a Special Development Area, the Quigney Urban Renewal Area.

As such, the project is potentially a major component of the effort to undertake integrated development actions in the area, which has been identified as the first priority of the newly formed Buffalo City Development Agency.

- **Spatial Planning Requirements**

The Marina Glen area has a recent history of being subject to a number of planning initiatives focused on establishing the area as a venue for a casino establishment and, related to this, broader proposals to revitalise the Central Beachfront area and to provide for the protection of conservation-

worthy natural elements in the local area. Included amongst these initiatives were the Central Beachfront Structure Plan and the Marina Glen Framework Plan, both of which were approved by the erstwhile East London Transitional Local Council in the late 1990's.

However, with the establishment of East London's Casino at its fringe location north of the city, many of these proposals fell away. Consequently, there is a need to undertake a new local spatial planning framework for the Marina Glen and Central Beachfront areas, where clear proposals are required on issues such as: -

- The previously proposed realignment of John Baillie Road north of the existing Holiday Inn hotel;
- The possibility of extending beachfront entertainment facilities to the south-west of Eastern Beach, thereby reducing the environmental pressures on that Beach and permitting its upgrade in keeping with its status as a potentially significant tourism attraction; and
- Environmental management proposals in relation to the protection of conservation-worthy natural elements in the Marina Glen area and the development and management of appropriate recreational facilities for Eastern Beach and Marina Glen.

It is proposed that such a spatial planning exercise be undertaken within the context of the efforts of the Buffalo City Development Agency.

4.8 ENVIRONMENTAL ISSUES

Development of a multi-purpose venue at the Marina Glen is likely to have the following **negative** environmental impact:

- Loss of protected tree species
- Loss of natural vegetation
- General loss of biodiversity
- Reduction in urban green space and increase in visual impact
- Increase in light pollution at night
- Increase in noise pollution during events
- Removal of frontal dune will increase silt spray inland, negatively affecting the natural environment

- Increased runoff of storm water will modify the stream flow over the beach
- Relocation of vagrants in the Nahoon Point/River areas, with resultant destruction of the natural environment in these areas

Development of a multi-purpose venue at the Marina Glen is likely to have the following **positive** environmental impact:

- Removal of alien and exotic vegetation
- Possible decrease in the pollution and litter in the thicket and dune areas of Marina Glen
- Protection of indigenous and endemic trees if a Botanical Garden is incorporated in the development.

The environmental mitigatory measures and management recommendations include:

- Limitation of development to behind the seaward fore dune
- The inclusion of a botanical garden in the development
- Upgrade and maintenance of other amenities on the site
- Upgrade of picnic areas and employment of a limited number of people to cut wood and sell it for braai purposes
- An Environmental Impact Assessment would need to be conducted
- Implementation of a low-level environmental management plan
- Implementation of an appropriate waste management strategy
- Appropriate signage
- Removal of alien and exotic plant species
- Planting of natural (endemic to Eastern Cape) plant species when appropriate
- Where any new infrastructure developments (such as Buildings) are to be erected, strategies should be included in the design to account for energy conservation and climate change.

A detailed environmental analysis is provided in **Phase 8: Environmental Management Proposals**.

4.9 LINKAGES

The centre links with any initiative in Buffalo City to host any type of event. The centre should be the first choice to host any event in Buffalo City and should be actively promoted for municipal and governmental events.

4.10 PRELIMINARY OPERATING FINANCIALS

4.10.1 Capital Cost

We project that the Multi-Purpose Venue would require R90 million for building works and R40 million for equipment.

We have assumed that the Buffalo City Municipality would provide land either for free or at a very favourable rate. We have also assumed that the capital cost for the development would be secured from the funding sources recommended in **Section 3.11** and that no loans would be required.

4.10.2 Financial Results

The preliminary financial results are shown below:

	Year 1	Year 2	Year 3	Year 4	Year 5
Gross Operating Profit	-221	300	696	779	871
Net Income (Loss)	-11450	-11034	-10756	-10760	-10758
Net Cashflow	-795	-323	12	66	125

As stated above, in general facilities such as these cover their operating costs, if well managed, but do not show a return on capital. The benefit, however, of these facilities is that a city will increase the utilisation of its accommodation establishments, restaurants, car rental, flights, etc.

Accordingly, the net loss achieved by the facility should not be viewed as an indication of failure but should be read in conjunction with the additional benefits that such a facility brings.

4.11 FUNDING SOURCES

Attached in **Annexure D** are the “Funding Programmes for Tourism Business Handbook” from the DEAT, which provides details of each, recommended funding source, criteria for selection, etc. The Centre could obtain funds from various sources such as:

- Private sector sponsors;
- Foreign Donors;
- Development Bank of South Africa
- Khula Enterprise Finance
- Community Public Private Partnership Programme
- National Empowerment Fund
- Business Partners
- Eastern Cape Development Corporation
- The National Lottery Distribution Fund.

4.12 CONCLUSION

Our preliminary analysis shows that the Multi-Purpose Venue would be successful in market terms and would cover its operating costs.