

SECTION 3. SPORT CENTRE OF EXCELLENCE

3.1 CONCEPT

A task team has been appointed by the National Minister of Sport to investigate high performance sport in South Africa. The Task Team was charged with identifying factors which impact negatively on South Africa's sporting performance and coming up with recommendations as to how such factors could be addressed.

One of their suggestions was to establish Sport Centres of Excellence. These Centres would concentrate on one or two sports and provide development and training to new as well as top class athletes.

The original concept for Buffalo City was to establish a Sport Centre of Excellence that concentrates on athletics, boxing and cricket. Subsequent discussions with Border Cricket have indicated that they have a well-developed and functioning academy system. In order to support under-developed sporting codes and utilise the natural resources and competitive advantage of Buffalo City it is recommended that the Sport Centre of Excellence include a rowing academy rather than repeat or include an already well established and functioning cricket academy. Buffalo City has a strong tradition of rowing clubs and competitions and also has various rivers that could be utilised for this purpose. The factors highlight rowing as a sporting code that could excel with the development of a rowing academy.

It was also originally recommended that the Centre would have its head office at the Bisho Stadium in order to develop the stadium and utilise its facilities. We would recommend that since the Jan Smuts Athletics Stadium has been upgraded for the SA Games, that the stadium be used for the athletic academy until funds could be secured to upgrade the Bisho Stadium, which requires extensive upgrading.

The Sport Centre of Excellence would then have a boxing academy at the Mdantsane Indoor Sports Centre and a Rowing Academy on a site still to be identified on the Buffalo River. It is recommended that Centre partner with tertiary institutions such Fort Hare and Rhodes and sporting institutions.

3.2 LOCATION

The Centre will be located in the following nodes:

- East London – Athletics Academy at Jan Smuts Stadium, relocating to the Bisho Stadium once upgraded
- Mdantsane – Mdantsane Boxing Academy
- Buffalo River – Rowing Academy

3.3 FUNCTIONALITY

The Centre will serve as a national training centre of new as well as top class athletes and will execute the requirements of national government in regards to sport development.

3.4 INSTITUTIONAL STRUCTURE

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

- Buffalo City Municipality;
- Provincial Department of Sport, Recreation, Arts & Culture;
- National Department of Sport and Recreation;
- Tertiary Institutions in Buffalo City;
- Sport Associations such as Boxing Association;
- Private Sector Sponsors;
- Foreign Donors.

3.5 TARGET MARKETS AND MARKET DEMAND

The Centre will focus on various sport related visitors. The Centre will act as a training academy where athletes are based in Buffalo City and utilise the facility throughout the year. The Centre will also attract athletes for short periods of time when events and training camps are held. Various support staff such as trainers, physiotherapists, etc will also be attracted.

Our demand projections are included on **Page 7** of **Annexure B**. Based on our primary research and our knowledge of the tourism industry we project that the

athletics academy would attract 375 athletes per annum, the boxing academy would attract 150 amateur boxers per annum and the rowing academy would attract 110 rowers per annum.

We project that the cost for education, room and board would range between R15 000 and R30 000 per annum. The cost per learner could be subsidised through sponsorships and funding sourced from the funding sources listed in **Section 3.11**.

3.6 TRANSPORT AND INFRASTRUCTURAL ISSUES

The main infrastructural issue related to the Centre is the maintenance of Buffalo City's sport facilities. As was indicated in **Phase 3: Tourists Attractions, Activities, Facilities and Services**, Buffalo City has sport facilities that could host world events but most of these facilities are in need of maintenance to keep them on an international standard.

It should be noted that the Jan Smuts Athletics Stadium and various other sport facilities have been upgraded for the SA Games. However, the Bisho Stadium would require extensive upgrading as to our knowledge, the track is too short to host athletic events.

3.7 SPATIAL PLANNING ISSUES

As noted above, the concept underpinning this project requires that facilities be developed (or enhanced) at three separate localities: Bisho (the Bisho Sports Stadium – also proposed as the headquarters of the Centre of Excellence), East London (Buffalo Park Cricket Ground), and Mdantsane (Indoor Boxing/Sports Arena). Refer to **Plan No. 1** in **Annexure E**.

- **Context within the Spatial Development Framework**

The three nodes around which the Sports Centre of Excellence is conceived all fall within identified Development Nodes and Corridors set out in the Buffalo City Spatial Development Framework.

The Bisho Sports Stadium is located on the fringe of Bisho, due north of King William's Town, on Maitland Street, which is identified in the Spatial Development Framework as an Activity Street, indicating in-principle

planning support for the extension of the Sports Stadium’s range of functions.

The Indoor Boxing/Sports Arena in Mdantsane is located within the Mdantsane Central Business District, a development node that is prioritised for development as a Special Development Area in terms of the Spatial Development Framework as well as the current Mdantsane Urban Renewal Programme.

- **Spatial Planning Requirements**

The following comments are recorded: -

SCE Node	Spatial Planning Comments
Bisho Sports Stadium	<p>No spatial planning requirements are noted at this scale. The Sports Stadium is an existing facility with potential for increased intensity of use. It has good accessibility to the surrounding hinterland and, via Bisho or King William’s Town, to the N2 route linking the local area to East London.</p> <p>Successful development of the Sports Centre of Excellence and, more specifically, the Bisho Stadium as its headquarters would enhance the development of a range of land uses in the local area, which is in keeping with the identification of Bisho as an Administrative and cultural development node within greater Buffalo City.</p> <p>The availability of accommodation in the King William’s Town/Bisho area is limited and largely focuses on Bed and Breakfast types of establishments. Nevertheless, the successful implementation of this project would serve to enhance the local economy in this sector.</p>
Rowing Academy – Buffalo River	The site is still to be identified and no comments can be made at this time.

SCE Node	Spatial Planning Comments
Mdantsane Indoor Boxing/Sports Arena	<p>This facility is located in an area that has come under pressure in recent times, due mainly to the downgrading of the adjacent Mdantsane Sun Hotel from a casino venue to an establishment that relies largely on functions.</p> <p>Consequently, the major spatial planning requirements noted here are for the integration of effort in upgrading the overall quality of the urban environment in this locality.</p> <p>As an acknowledged major development node, the Mdantsane CBD as a whole requires a dedicated programme of measures to improve security in the area, and to provide improved linkages to the major transportation hub located due south of this facility.</p> <p>A broad Spatial Planning Framework for the upgrading/revitalisation of the Mdantsane CBD is in place and has been approved by the Municipality as part of the Mdantsane-East London Development (MELD) Corridor proposals.</p> <p>Accommodation in the local area is limited at present, although the proximity of the Mdantsane Sun hotel offers potential for negotiating extended arrangements, when required.</p> <p>Current planning activities in Mdantsane are integrated in terms of the Mdantsane Urban Renewal Programme and it is proposed that this project be brought forward as a priority within the scope of that Programme.</p>

3.8 ENVIRONMENTAL ISSUES

It is important to recognise that the bulk of infrastructure already exists at these sports venues and any environmental impacts have already been instituted or are

negligible. The primary environmental issue of concern is the lack of waste management, litter and poor level of cleanliness.

The following environmental mitigatory measures & management are recommended:

- 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**.

3.9 LINKAGES

The Centre links with national initiatives to develop sport in South Africa.

3.10 PRELIMINARY OPERATING FINANCIALS

3.10.1 Capital Cost

We have assumed that the Sport Centre of Excellence would utilise existing buildings and facilities in Buffalo City and accordingly we project that the development would require R1 million for upgrading of existing buildings and R2,5 million for equipment.

We have assumed that the capital cost for the Sport Centre of Excellence would be secured from the funding sources recommended in **Section 3.11** and that no loans would be required.

The cost of the upgrade of the Bisho Stadium has not been included in the preliminary financials as it is still to be determined. We recommend that funding

for this upgrade be sourced separately so as not to hamper the development of the Sport Centre of Excellence.

3.10.2 Financial Results

The preliminary financial results are shown below:

	Year 1	Year 2	Year 3	Year 4	Year 5
Gross Operating Profit	-1263	-199	1148	1501	1908
Net Income (Loss)	-1758	-768	605	913	1270
Net Cashflow	-1388	-330	872	1198	1574
Ungearred pre-tax IRR	20%				

The Sport Centre of Excellence operates at a loss for the first two years before turning a profit. It is expected that a project with a developmental aim should not be striving for huge profits but that it should at least cover its running cost.

An ungeared, pre-tax internal rate of return of 20% is achieved over 20 years.

3.11 FUNDING SOURCES

We have attached the “Funding Programmes for Tourism Business Handbook” from the DEAT to this report (see **Annexure D**), which provides details of each recommended funding source, criteria for selection, etc. The Centre could obtain funds from various sources such as:

- National Department of Sport and Recreation;
- 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.

3.12 CONCLUSION

Based on our preliminary projections we believe that the Sport Centre for Excellence could be viable in market and financial terms and generate reasonable operating income to ensure sustainability. The Centre is not expected to achieve huge profits as its main goal should be the development of athletes.