

Imperfect future after 2010

THE 2010 Soccer World Cup, with less than 1 000 days to go before kickoff, has now reached its "operational" phase, according to Local Organising Committee head Danny Jordaan. Recently enumerating the committee's achievements, Jordaan was upbeat about prospects, while conceding that getting stadiums ready on time was a challenge.

The committee's chief concern with stadium readiness, however, stands in contrast to the position of the treasury, which recently, and quite unequivocally, questioned whether the R8,4bn it was investing in the construction and refurbishment of stadiums would ever generate a return, and not end up being a "costly noose around the neck of ratepayers".

Malcolm Simpson, the treasury deputy director-general in charge of 2010 preparations, conceded that, with hindsight, SA should have considered the future viability of the stadiums before bidding. He noted that the sport and recreation department, together with different sporting associations and codes, would have to come up with a viable plan to keep the stadiums afloat.

Putting substance to the concerns, Dave Marrs, this newspaper's Cape editor, recently wrote that whether the new Green Point stadium would live up to its potential as a legacy project was debatable. Marrs pointed to the fact that the stadium was a significant distance from the central railway station, meaning supporters of local soccer teams who did not have their own cars would have to take one or more trains into the city, and then catch a taxi to the venue. This seriously compromises the extent to which the stadium can be filled for domestic league games.

Marrs further said the only viable solution to this conundrum would be if Western Province rugby — with its considerable support base in Super 14 and Currie Cup competitions — moved from Newlands Stadium to Green Point, and that the lease income be used to build a new soccer stadium in a more suitable location, or to upgrade an existing venue, such as Athlone Stadium. The Newlands site would be sold by owners Western Province rugby, and it could then be rezoned for office and residential use.

Similar concerns have been raised about the location of the new King Senzangakhona Stadium in Durban, although in fairness to the Durban municipality, an alternative site was never identified, nor the upgrade of an existing stadium closer to



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supporters of local clubs proposed. The debate in Durban, however, about the amount of money being spent on the new stadium, as opposed to the upgrade of the adjacent Absa Stadium, has not subsided.

This analysis raises two important issues. The first is that there should have been a series of discussions — commencing three years ago at least — on the future viability of stadiums based on the model and plans subsequently implemented which, it must be noted, were not in the

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original bid blueprint.

It did not matter that plans after May 2004 deviated from the original bid blueprint, but a series of conversations needed to have begun during the initial decision-making and design phases on whether these stadiums would be viable in future and, if not, the burden it was likely to place on municipalities and taxpayers.

As the literature reminds us, and the Japanese, South Korean and Portuguese cases most re-



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cently illustrate, even if the doors to the facilities are closed in an "underutilisation" scenario, they are still likely to accumulate debt.

Second, it remains a mystery why the government did not lobby the private sector further to assist with the financing of stadiums, especially in the light of organised capital's recent claim that it had a more substantial "contribution" to make along the way. Stadiums in Dusseldorf and Munich in Germany, for example, are self-sustaining as a result of private financing. The primary model for stadium upgrades in Germany was through credit, which analysis suggests leads to overall positive economic effects at a national level.

Ultimately, there is really no consensus on the stadium issue nationally. Indeed there may even be lack of convergence in thinking within the treasury itself — director-general Lesetja Kgan-yago has chosen to stay clear of the viability debate, focusing instead on the immediate draw-down of R1,9bn from the R3,8bn allocated in the 2008-09 budget because "construction is running ahead of schedule".

This is cause for concern. The treasury, after all, has over the past decade expertly managed all our macroeconomic fundamentals, including national debt, and the deficit on the current account.

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