THE ROCKY ROAD TO LEGACY
Lessons from the 2010 FIFA World Cup South Africa
Stadium Programme

PRESENTED AT PLAY THE GAME 2013, AARHUS, DENMARK:
By Dr Eamonn Molloy and Trish Audit
University of OXFORD
The 2010 FIFA World Cup in South Africa

- Waka Waka – This time for Africa!
- Euphoria after losing the 2006 Bid to Germany
- First Mega-Event in Africa
- Organizational success of event
‘One of the biggest infrastructure investment projects in South Africa,’ aimed at ‘fast-tracking growth and development’ (SAGov, 2012).
Current State of the 2010 Stadium Legacy

Sporting venues: What to do with all those stadiums?
By Roger Blitz

South Africa's stadiums amaze but court controversy
By Barry Moody

South Africa admits 'white elephant' fears
By Mohammed Allie

Fahrenheit 2010: The inconvenient truth behind SA's new World Cup stadiums
By Andy Rice

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Our Research Approach

- To explore at programme and project level how and why SA ended up with its stadium legacy
- 32 interviews; document analysis; 10 stadia; 9 cities
- Storytelling for the period 2003-2012
- Focus NOT on legacy outcome itself but the PROCESS that led to its outcome

The Road to Legacy

Bid | GAP | Select host City | Design | Rebudget | Tender & Construct | Occupy | Rent to FIFA | Legacy mode
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Legacy

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Why did South Africa end up with its stadium legacy?

KEY FINDING

• Fragmented and over-projectified programme
• Poor central organisation, leadership and strategic direction
• Cities operated in ‘splendid isolation’ (Bujis, 2012)
• Poor Programme Management Governance

• ‘Remember all of that direction and investment was done by the cities themselves. So in effect there were nine programme managers, the nine cities managers across the country for the bulk of the expenditure - those were your programme managers.’ (Interview 31)
How did South Africa end up with its stadium legacy?

How did the dynamic activity of the stadium programme and projects shape the stadium legacy?
7 Big Boulders on the Road to Legacy

1. Overoptimistic Estimating
2. Lack of National Direction on Funding
3. Political Decision-Making that took precedence over Rational Decision-Making
4. Unclear Requirements by FIFA and Host Nation Ignorance
5. Strong focus on the ‘TV Show’ Rather than Need of the Country
6. The Grey Swans of Collusion and Corruption
7. Failure to engage key stakeholders
1. Overoptimistic Estimating

Source of data for graph: Bid Book (2003); Costle (2011); Final Estimate (Interviewees, 2012; SRSA, 2011). Note: No adjustment has been made for inflation. Construction on stadiums started in 2007. There is varying interpretations of Final Estimate depending on source. Research used highest credible value.
1. Overoptimistic Estimating (cont.)

- Gross underestimation of the cost/seat compared to competitor’s bids. SA had an optimistically low cost per seat on new and renovated stadiums compared to its competitors stadiums.

<table>
<thead>
<tr>
<th>Stadiums</th>
<th>Egypt</th>
<th>Libya</th>
<th>Morocco</th>
<th>S. Africa</th>
<th>Tunisia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of new stadiums</td>
<td>872,710,000</td>
<td>1,227,600,000</td>
<td>670,900,000</td>
<td>141,100,000</td>
<td>87,000,000</td>
</tr>
<tr>
<td>No. of seats in new</td>
<td>370,000</td>
<td>456,200</td>
<td>369,000</td>
<td>221,825</td>
<td>43,500</td>
</tr>
<tr>
<td>Cost per seat in new</td>
<td>2,359</td>
<td>2,691</td>
<td>1,838</td>
<td>900</td>
<td>2,000</td>
</tr>
<tr>
<td>Cost of renovated</td>
<td>192,830,000</td>
<td>68,800,000</td>
<td>147,000</td>
<td>141,025</td>
<td>239,000</td>
</tr>
<tr>
<td>No. of seats in</td>
<td>162,000</td>
<td>468</td>
<td>1,190</td>
<td>468</td>
<td>764</td>
</tr>
<tr>
<td>Cost per seat in</td>
<td>1,190</td>
<td>468</td>
<td>1,190</td>
<td>468</td>
<td>764</td>
</tr>
<tr>
<td>Cost of partly</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>renovated stadiums</td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No. of seats in partly</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>renovated stadiums</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total cost of</td>
<td>1,065,540,000</td>
<td>1,227,600,000</td>
<td>739,700,000</td>
<td>224,100,000</td>
<td>276,851,000</td>
</tr>
</tbody>
</table>

7 Big Boulders on the Road to Legacy

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7. Failure to engage key stakeholders
2. Lack of National Direction on Funding

Source: (a) Bid Book (2003); (b) National Treasury (2007); (c) National Treasury (2007) and Castle (2011:88); (d) National Treasury (2007); (e) Castle (2011:88) and verified and adjusted with interviewees post-interview where available; (f) Initially used Castle (2011:88) but verified and adjusted with secondary data from SRC (2011) and interviewees. Note: Cape Town supplied an estimated Final Cost of R4.14 billion, which was different to the SRC figure of R4.5 billion. In most cases I have used the higher figure.
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3. Politics vs Rationality
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4. Unclear Requirements

- FIFA – lack of clarity
- Host Country Ignorance
- Stadiums specification – high level of unknowns
- SA helped with new guidelines
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7. Failure to engage key stakeholders
5. Focus on the ‘TV Show’

“Even up to now you can run the whole exchange for the province, not even the city alone – we can use the exchange right here in the stadium” (Interview 23)
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How can future host cities “defrag” their programmes?
From ‘Rocky Road’ to ‘Smooth Sailing?’

A World Cup Delivery Authority (WCDA)
A copy of our working paper is available upon request from:

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• trish@oxfordmp.com
The 2010 FIFA World Cup had two direct investment programmes:

- The event itself, which was owned and sponsored by FIFA and its affiliates;
- The infrastructure and support for hosting the event, which was owned by the host nation and host cities.
SA was ‘near-ready’ at 2004 Bid?

FIFA’s 2004 Inspection report identified eight stadiums that were already ready or required partial refurbishment to host the tournament.

- ‘The goal we set ourselves [SAFA, the LOC and the technical team] was that everyone was to present stadiums to FIFA in the bid documentation that dealt with their **minimum requirements** set by FIFA and could be **constructed as cheaply as possible.**’ (Interview 19 bid prep)
Current State of the 2010 Stadium Legacy

- 6 new gigantic stadiums (incl. Soccer City); 4 renovated
- 5 out of 6 new stadiums burden taxpayer
- PSL games filled new stadiums on average only twice per year (PSL index).

Peter Mokaba – High PSL index BUT not a measure of success!

<table>
<thead>
<tr>
<th>Stadium Name</th>
<th>Size (Legacy mode)</th>
<th>Maintenance cost exceeds revenue</th>
<th>City/ Taxpayer bears burden</th>
<th>PSL index 2011-2012</th>
<th>PSL attendance rating 2011-2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moses Mabhida</td>
<td>56,000</td>
<td>✓</td>
<td>✓</td>
<td>2.80</td>
<td>3</td>
</tr>
<tr>
<td>Cape Town</td>
<td>55,000</td>
<td>✓</td>
<td>✓</td>
<td>1.53</td>
<td>4</td>
</tr>
<tr>
<td>Peter Mokaba</td>
<td>45,000</td>
<td>✓</td>
<td>✓</td>
<td>4.92</td>
<td>1=</td>
</tr>
<tr>
<td>Mbombela</td>
<td>43,500</td>
<td>✓</td>
<td>✓</td>
<td>1.62</td>
<td>5=</td>
</tr>
<tr>
<td>Nelson Mandela Bay</td>
<td>46,000</td>
<td>✓</td>
<td>✓</td>
<td>1.60</td>
<td>5=</td>
</tr>
<tr>
<td>Soccer City</td>
<td>95,000</td>
<td>×</td>
<td>×</td>
<td>2.32</td>
<td>1=</td>
</tr>
</tbody>
</table>
Current State of the 2010 Stadium Legacy (cont.)

• Legacy = what is left behind
• Benefit – advantage gained from something left behind

• Overbuilt, overdesigned and underutilised again!
• Significant and substantial change to 2003 Bid Book intent
• Durban, Cape Town and Polokwane changed from existing stadiums to new
• Soccer City changed from a major upgrade to practically new
• Budget increased from R1.575m for 12 stadiums to R16.775m for 10 stadiums
1. Overoptimistic Estimating (cont.)

• ‘It was not possible to check how these budget estimates were reached, nor was it possible to understand fully the philosophy behind them all… We did not receive clear information explaining how the building of the prospective stadiums would be financed if the proposed venues were actually chosen for the 2010 FIFA World Cup.’ (FIFA 2004)

• ‘In the opinion of the Inspection Group, the total amount of ticket sales revenue [$467,459,448] will be very difficult to reach.’ (FIFA 2004)
‘Grey Swans’ of Collusion and Corruption

- Black Swans – rare, unpredictable, extreme impact
- Grey Swans – predictable, rare, extreme impact
- The cost-per-seat pricing of many of the stadiums in South Africa were far in excess of other past ‘expensive,’ ‘iconic’ stadiums. Cape Town was $10,636/seat; Durban was $7,196

<table>
<thead>
<tr>
<th>Stadium</th>
<th>Seat Total</th>
<th>Cost ($)</th>
<th>Cost/seat ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beijing National Stadium (2003) (a)</td>
<td>90,000</td>
<td>500,000,000.00</td>
<td>6,250.00</td>
</tr>
<tr>
<td>Alliance Stadium Germany (2005) (b)</td>
<td>69,000</td>
<td>390,000,000.00</td>
<td>5,579.32</td>
</tr>
<tr>
<td>Stade de France (1998) (c)</td>
<td>80,000</td>
<td>488,000,000.00</td>
<td>5,999.66</td>
</tr>
</tbody>
</table>

Figure 1: Cost per seat of other Mega-Event 'Iconic' Stadiums


- Compare with FIFA compliant Orlando stadium $1,150/seat
What can we do about it for future hosts?

- Organisation of a clearly defined programme at central government level
  - Effective across all phases until handover for legacy
- Effective leadership to deliver programme:
  - for successful mega-event
  - Plus positive post-event legacy
- One temporary organisation versus projectification with a single clear strategy
Football attendance of World Cup hosts

World Cup Hosts top division domestic football in 2011

- 1990 Italy: 24031
- 1994 United States: 17872
- 1998 France: 19742
- 2002 Japan: 15797
- 2002 South Korea: 11307
- 2006 Germany: 45134
- 2010 South Africa: 8325
- 2014 Brazil: 15119
- 2018 Russia: 13066
- 2022 Qatar: 4211