

F.E.M. RESEARCH

# Socio-Economic Study on Public Viewing Areas

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Report 1: Economic Impact Assessment of Fanjols

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10/11/2010

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## FOREWORD

To celebrate the 2010 FIFA world cup the Department of Cultural Affairs and Sport hosted non-commercial public viewing areas. These public viewing areas were called Fanjols and they would be hosted in districts in the Western Cape outside of the metropolitan area. The public viewing areas (PVAs) were subject to both local and national regulations as well as the FIFA regulations for non-commercial PVAs. After much planning and organisation the locations were chosen and five Fanjols were produced. The objective of the PVAs was to provide people outside of the metropole with a world cup stadium experience. At each PVA there was a screen for world cup soccer match screenings and local entertainment for the audience. Not only did the DCAS want to provide a world cup experience but they wanted to provide the local economies with a boost and so local service providers and entrepreneurs were invited to tender for the Fanjols. The Department of Cultural Affairs and Sport tasked FEM Research to perform an analysis of the financial performance of service providers and vendors, and the impact of the Fanjol on these service providers, vendors, and the larger community.

The objective of this research is to assess the social and economic impact of the Fanjols on the local economies and surrounding communities. This assessment includes an analysis of the quantitative data such as the financials and the qualitative such as the audience satisfaction survey responses. Through these analyses an indication of the success of the Fanjols can be ascertained at both an individual and economy wide level.

These assessments have been compiled into three reports. The first report is an economic impact assessment of the Fanjols in general as well as an economic impact assessment of the Fanjols for participating service providers. The second report focuses on the entrepreneurs or vendors that participated in the Fanjols while the third and final report is a satisfaction assessment of the audiences that attended the Fanjols in the various districts. This report focuses on the economy wide impact of Fanjols as well as financial and economic assessment of the service providers that were utilized.

## 1. INTRODUCTION

One of the objectives of the Fanjols was to promote the growth and development of local economies by providing increased financial opportunities for local communities and small businesses. To achieve this objective, it was necessary to use as many local services and businesses as possible in the Fanjols. Local Service providers in each district in the Western Cape were invited to tender for the opportunity to provide various services at the local Fanjols and after the application and selection process, service providers were chosen for each venue, these services included:

- Security
- Catering
- Entertainment (Singers, DJ's etc)

The Department of Cultural Affairs and Sport tasked FEM Research to perform an analysis of the financial performance of service providers, and the impact of the Fanjol on these service providers, as well as the surrounding community and local economy.

The objective of this report is to assess the economic impact of the Fanjols on the local economies and surrounding communities as well as the service providers. This assessment includes an analysis of the quantitative data such as the financials and the qualitative data such as the service provider survey responses.

### 1.1. LOCATION OF FANJOLS

Within the Western Cape there are six local districts; these are the metropole, the Cape Winelands, the Overberg, the central Karoo, the West Coast and the Eden district. The five Fanjols were hosted outside of the metropolitan area and the following towns were chosen as hosts;

1. Beaufort West (Central Karoo)
2. Bredasdorp (Overberg)
3. George (Eden)
4. Louwville, Vredenburg (West Coast)
5. Worcester (Cape Winelands)

The choice of the location was based on the following criteria;

- Security
- Size
- Proximity
- Access points- both entry and exit
- Ability to meet FIFA regulations

Added to this, towns within each district lobbied for the opportunity to host a Fanjol and while some towns were obvious choices due to resources and proximity to the target audience others were determined<sup>1</sup> by the effectiveness of lobbying activities. Examples of this were: Beaufort West which was the only option for the central Karoo, while Bredasdorp had good infrastructure in place although they were not ideally situated. George however was not the first choice but due to a number of deciding factors, the Fanjol was hosted there. Prior to the Fanjol in Vredenburg, the Louwville stadium received an R 1 000 000 upgrade and the Worcester venue was chosen over Paarl as the Winelands venue.

## 1.2. PLANNING AND PROCESS

The planning period for the Fanjols was a three year process and the total cost was an estimated R 16 000 000. Each venue was provided with a sum of R 1000 000 from DCAS and a standard list of requirements was produced for each. The screens for the matches were provided by the department and four of the five Fanjols had sponsorships. The main sponsor was Coca Cola, sponsoring a stage and equipment for three venues, namely Bredasdorp, Vredenburg and Worcester. George was sponsored by MTN South Africa and a stage and crew was provided.

Local municipalities were responsible for marketing and attracting audiences to the events as well as selection of local artists and entrepreneurs. The local entrepreneurs were invited to tender for the Fanjols and the final applicants were selected from the process. The municipalities were also given the option of closing down any Fanjol that was not attracting numbers and audiences; however none of the Fanjols were closed for this reason. Each Fanjol was open for eight days and it was noted that the Fanjols received higher numbers on South African match days and after their elimination the attendance figures dropped significantly.

Due to the FIFA regulations<sup>2</sup> the Fanjols had to pay licensing fees as well as adhere to certain rules and regulations pertaining to non commercial PVAs. An overview of the regulations is;

- No entrance or admission fee to be charged
- No sponsorships or endorsements or commercial rights of association with FIFA
- No commercial gain from the event for the organisers
- Broadcasts of matches must be in real time (live) and relevant licenses must be obtained by organisers
- Sale of beverages and food by third parties are permissible

Transport was also provided for members of local surrounding communities and areas in each district to increase the access to Fanjols. The numbers of people that were expected to attend the Fanjols was far greater than the actual figures and the attendance is discussed in the following section.

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<sup>1</sup> M. Worsnip "Appendix A"

<sup>2</sup> FIFA Regulations for non-commercial public viewing exhibitions accessed at [www.fifa.com](http://www.fifa.com) on 2010/09/23

### 1.3. ATTENDANCE AT FANJOLS

The total number of people that attended the five Fanjols was 121 240. The Fanjol that received the highest number of people was Worcester with a 39 percent of the total attendance. This was followed by Vredenburg with 19 percent and George with 18 percent. The Fanjol that performed most poorly in attendance figures was Beaufort West. The percentage of the attendance per Fanjol is illustrated below;

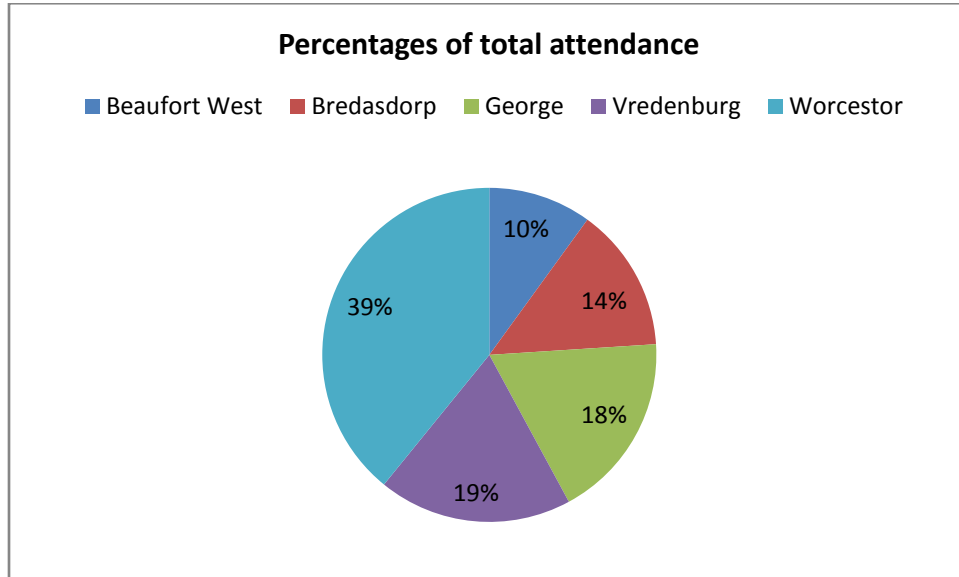


Figure 1: Percentages of total attendance per venue

The attendance figures per Fanjol can be seen in the graph below;

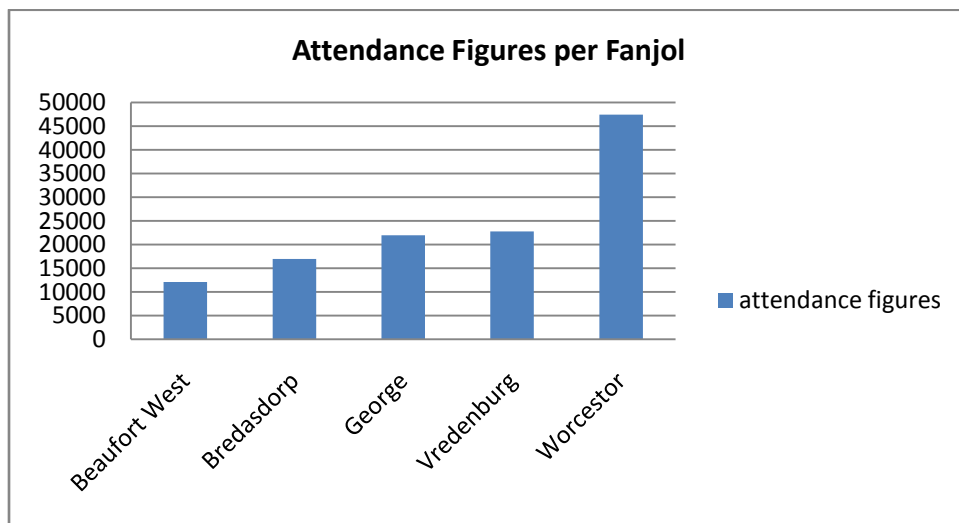


Figure 2: The total attendance figures per venue

The attendance figures for the Fanjols varied per venue and per match screening day. It was noted that attendance was higher on the days that the South African team were playing and that after they were

eliminated the figures dropped drastically. The one venue that experienced a relatively constant attendance figure was Worcester.

The number of people attending the Fanjols was recorded by means of a clicker system. People entering were clicked in and people exiting were clicked out, the total leaving was subtracted from the total entering and the figures were recorded at 1PM, 4PM and 8PM. The following tables provide a breakdown of these totals for each venue. These figures were recorded for the eight days that the Fanjols were open.

Beaufort West attendance figures can be seen in the graph below:

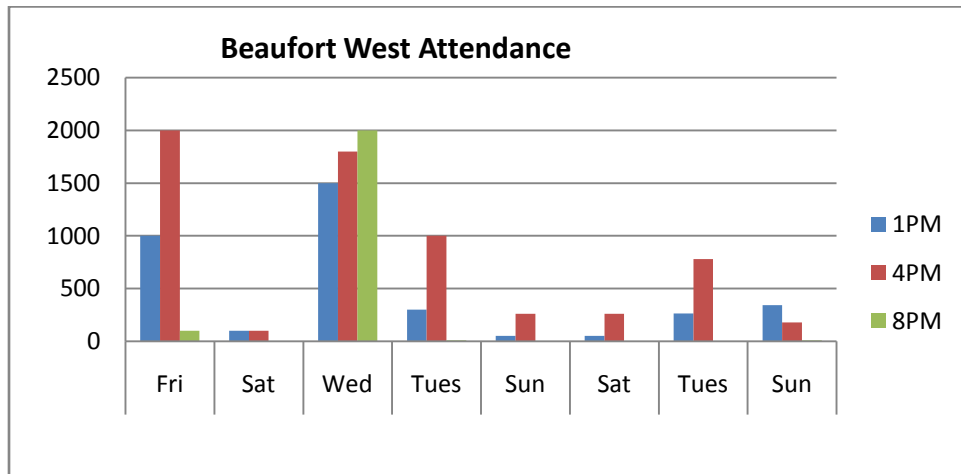


Figure 3: Attendance figures for Beaufort West

Bredasdorp attendance figures can be seen in the graph below:

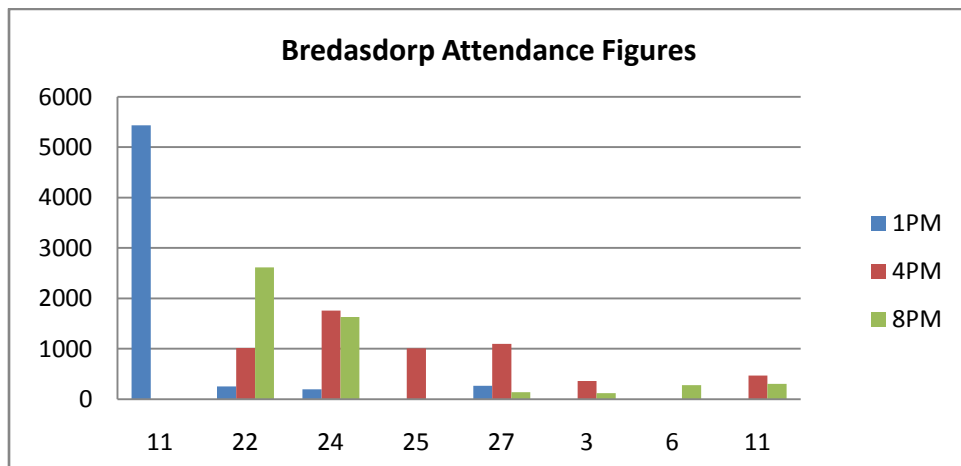


Figure 4: Attendance figures for Bredasdorp



George attendance figures can be seen in the graph below:

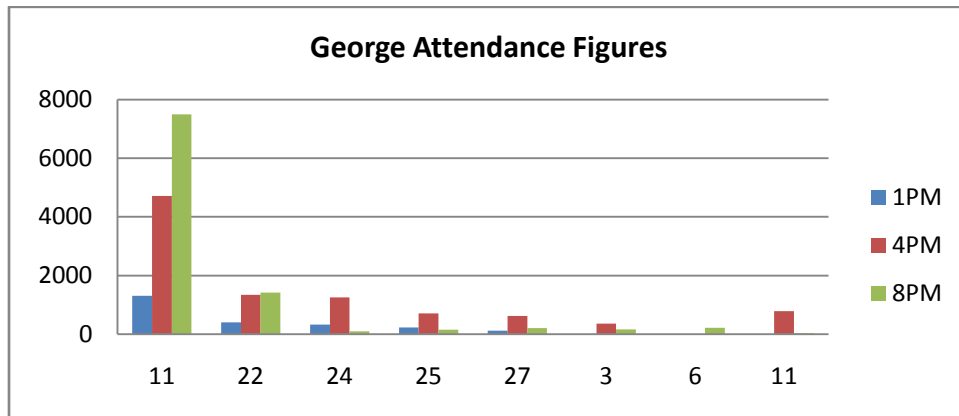


Figure 5: Attendance figures for George

Vredenburg attendance figures can be seen in the graph below:

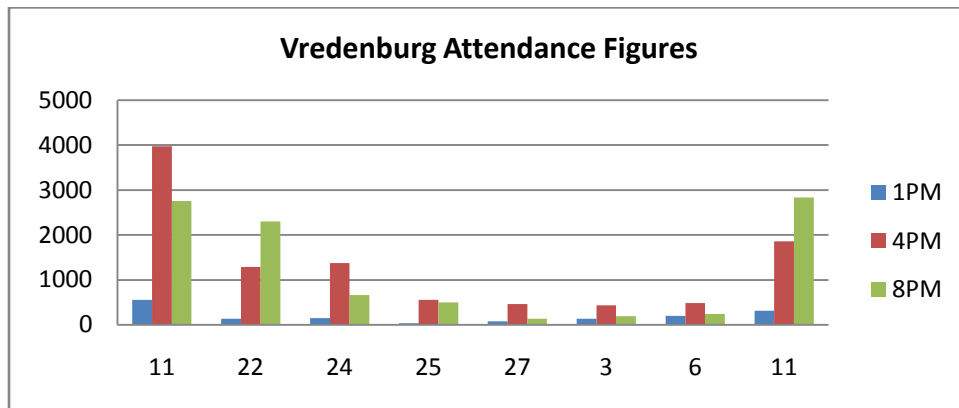


Figure 6: Attendance figures for Vredenburg

Worcester attendance figures can be seen in the graph below:

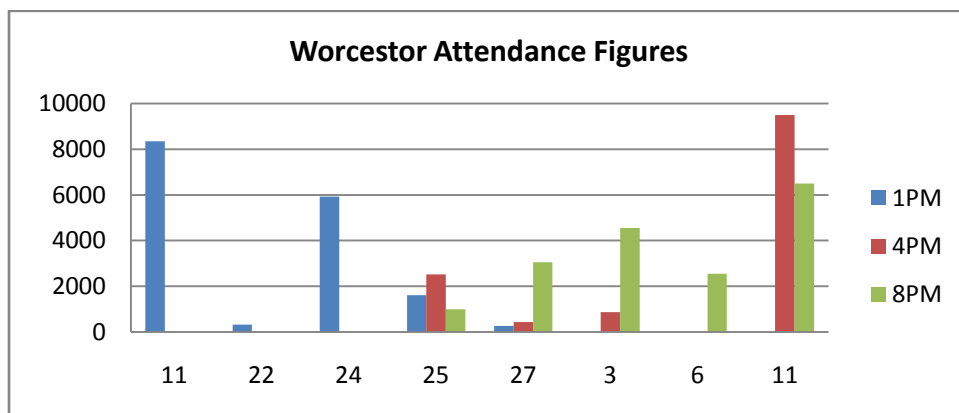


Figure 7: Attendance figures for Worcester

During the fieldwork process it was noted that a significant amount of people were leaving the Fanjols before closing and thus a analysis of the reasons for this action was undertaken. Lists of reasons were compiled and the people leaving were asked to pick a reason for their departure and the numbers leaving was noted. Reasons given for leaving the Fanjols;

- 1. Transport
- 2. Security
- 3. Family Responsibility
- 4. Dissatisfaction
- 5. End of Day
- 6. Food
- 7. Weather
- 8. Work
- 9. Other

Of the number of people that were willing to answer the questions the majority (37%) stated other as the reason for leaving. When asked to explain further, two reasons were provided, the first was smoking and the second was alcohol. Another reason for leaving that received a large portion of the responses (34%) was the weather. The end of day, food and dissatisfaction made up the rest of the responses. The graph below provides an illustration of these percentages:

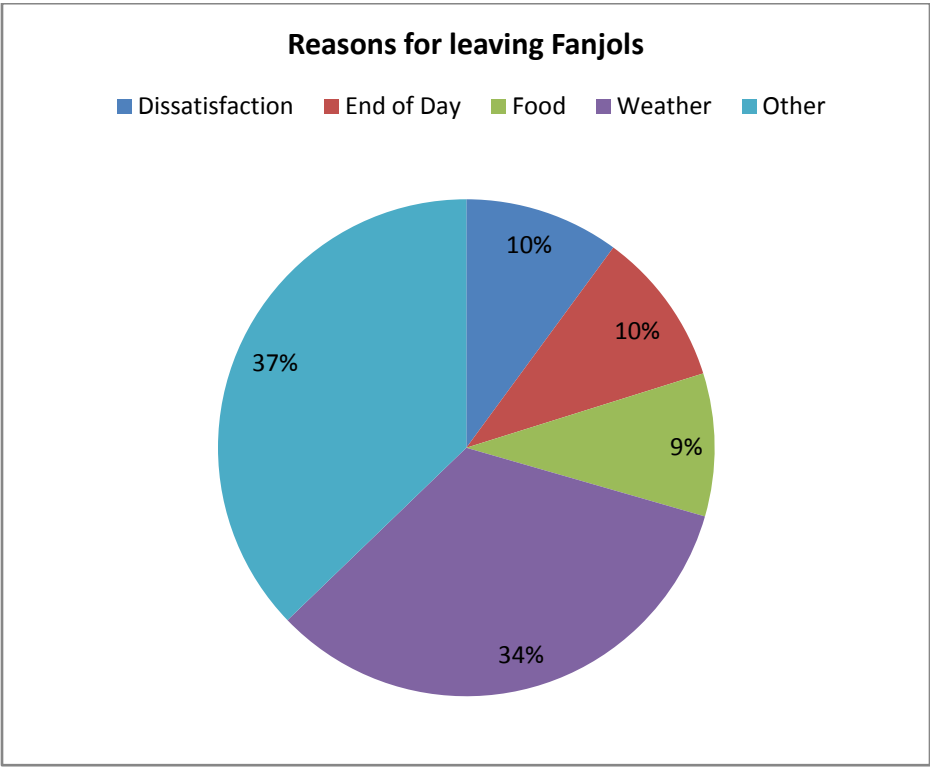


Figure 8: The reasons given for leaving the fanjols early

## 2. RESEARCH METHODOLOGY

The research methodology that was employed in this project consisted of three fieldwork phases. The first phase of the fieldwork was the audience satisfaction surveys; these were conducted at the various Fanjols during the soccer world cup.

In collecting the relevant data relating to the Fanjol audience, a detailed and structured questionnaire was utilised. The data obtained from the questionnaire details the number of people at each venue, as well the opinions of Fanjol goers on issues relating to access, transport and areas of the Fanjol which may be improved upon. The data was collected and captured and then analysed to assess the satisfaction levels of audiences at the Fanjols.

The second phase of the fieldwork was to contact the entrepreneurs who included the service providers and the vendors. Both sets of entrepreneurs were interviewed using a structured questionnaire that had been developed for the fieldwork. The data was then captured and analysed to determine the economic impact of the Fanjols for the entrepreneurs. The third and final phase was to obtain the budgetary information from the department and analyse the information. Once the information had been analysed and compiled it was possible to determine the social and the economic impact of the Fanjols on the local communities and surrounds.

### 2.1. SCOPE AND LIMITATIONS

The objective of this report is to determine the economic and social impact of the Fanjols on the local communities and service providers; this was done through interviewing the relevant people and assessing the information that was collected. The project however was limited by the low numbers of people that attended the Fanjols and the willingness of people to participate in the surveys and interviews.

### 3. DATA ANALYSIS

The data analysis includes a budget analysis and an analysis of the service providers' information. From these analyses conclusions have been made to assess the economic impact of the Fanjols.

#### 3.1. BUDGET ANALYSIS

The budgets for the fanjols were standard and each municipality was given R 1 000 000 from DCAS and the rest of the expenses were to be covered by the local and district municipalities. Prior to the Fanjols, a budget and a list of possible expenses were compiled to ensure that Fanjols were equally equipped and able to provide similar services and experiences for the attending audiences. It has been estimated that about R 16 000 000 was spent on the planning and execution of the Fanjols.

The budgetary information was provided by the department. A list of the expenses was provided for each Fanjol as well as a breakdown of the departments responsible for the payment of each expense. From these lists the following information was compiled. The total proposed budget for each Fanjol as well as the actual amount that was spent, the amount of money spent by each department on the specific venues and the breakdown of the expenses.

Although the list of required services and expenses was standard, the amounts that were spent varied because of local pricing and venue specific requirements. A separate list of items procured before the Fanjols was provided and these have not been included in the total budgets. Items procured for the provincial Fanjols included clothing items such as ponchos, jackets, tracksuits, shirts, caps and shoes, as well as marketing campaigns; posters, flyers, banners and flags. The provincial government also paid for the rental of four LED screens and the music rights licenses for the Fanjols. In total R 3 907 056.77 was spent on items prior to the Fanjol. As can be seen in the graph below, the most expensive Fanjol was Bredasdorp followed by George and then Beaufort West.

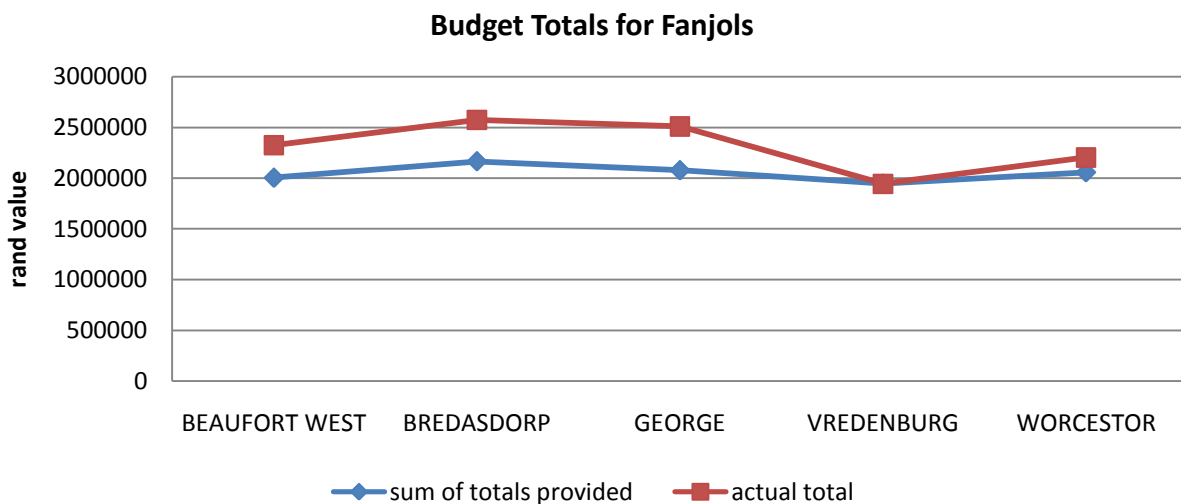


Figure 9: Budget totals for Fanjols

Vredenburg had the smallest spend, but prior to the Fanjols the Louville stadium received a R 1 000 000 upgrade for the event. In terms of attendance figures, Worcester received the highest numbers which is impressive as it had the second lowest actual spend. What is surprising about the budgets is that Bredasdorp had the highest actual spend but it was one of two venues that was equipped with a facility that had toilets and a club house that could be utilized as a VIP section.

Local costs refer to the services and expenses covered by the local municipalities for each Fanjol. These costs varied according to local resources and requirements as well as local pricing. The local municipal costs included waste management, advertising, fencing and transport for audiences.

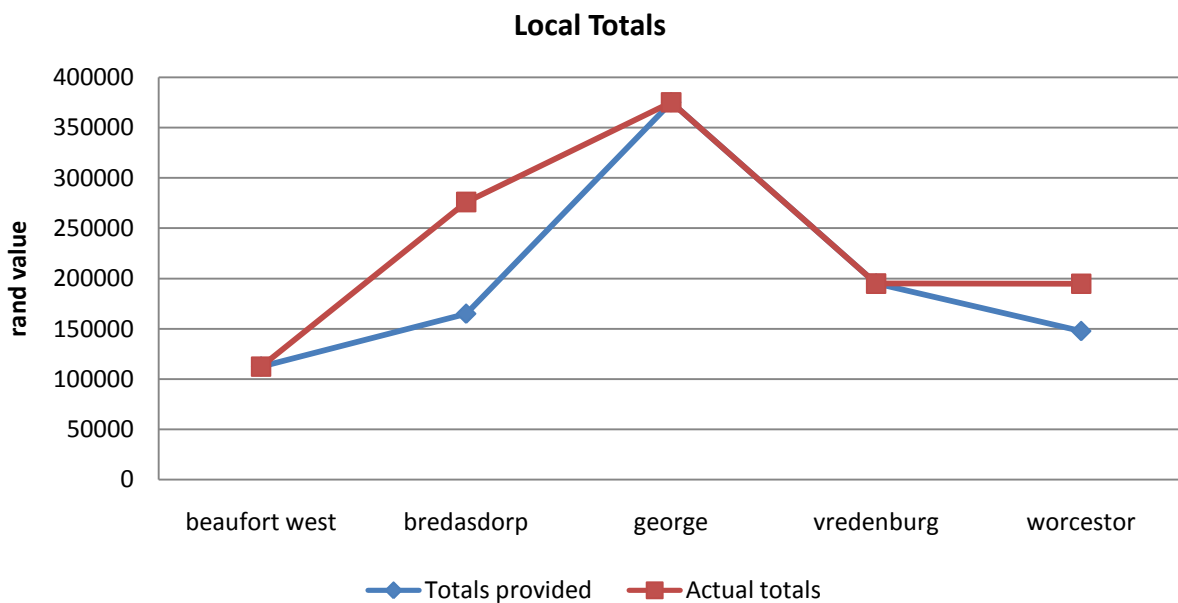


Figure 10: Local totals

As can be seen in the illustration above, the highest costs were incurred by George municipality, followed by Bredasdorp and then Vredenburg and Worcester. The main reason for the difference in spends is that George local municipality paid for the chemical toilets for the Fanjol while Bredasdorp spent a large portion of their budget on waste management and traffic services. Beaufort West had the lowest local municipal spend as they had the most limited resources available for the Fanjol.

District municipal totals for the Fanjols included expenses such as perimeter fencing, marquees, chemical toilets and transport for the audiences. A breakdown of the areas' expenses is shown in the graph below;

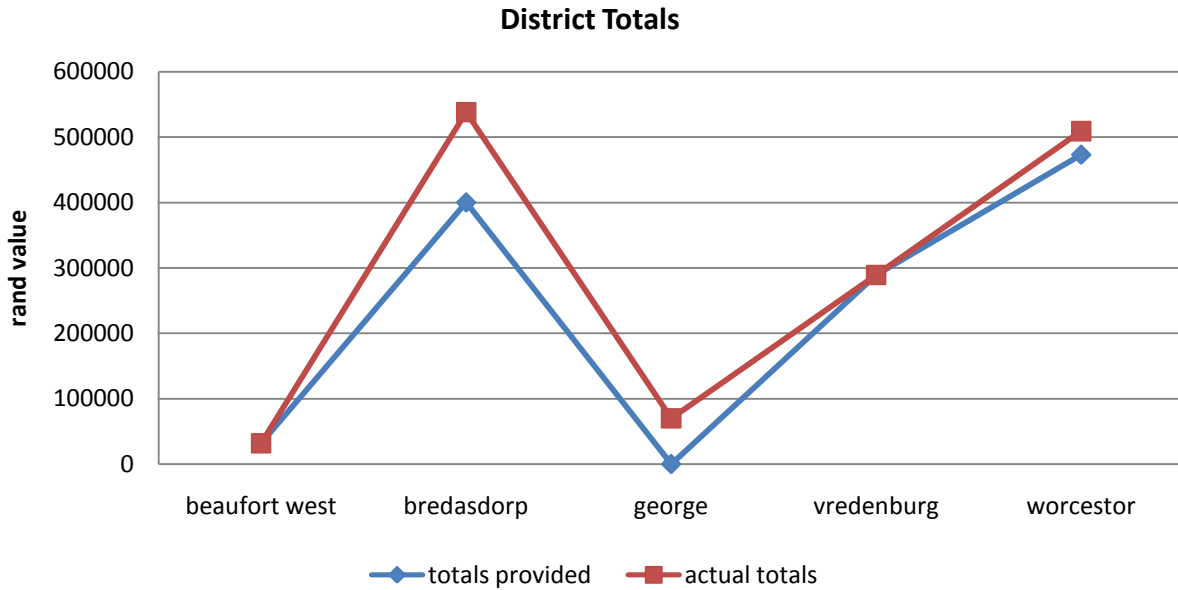


Figure 11: District totals

The highest spend by a district municipality was in Bredasdorp, followed by Worcestor and Vredenburg. The lowest total spend was in Beaufort West.

Provincial government spends included payment of Emergency Medical Services, security services, fencing, and liability insurances for venues, chemical toilets, catering, entertainment and marketing. Photographers and videographers as well as marquees were paid for by the provincial government. Although DCAS provided each venue with R 1 000 000 the highest totals were recorded in Worcestor, followed by Vredenburg and Beaufort West respectively.

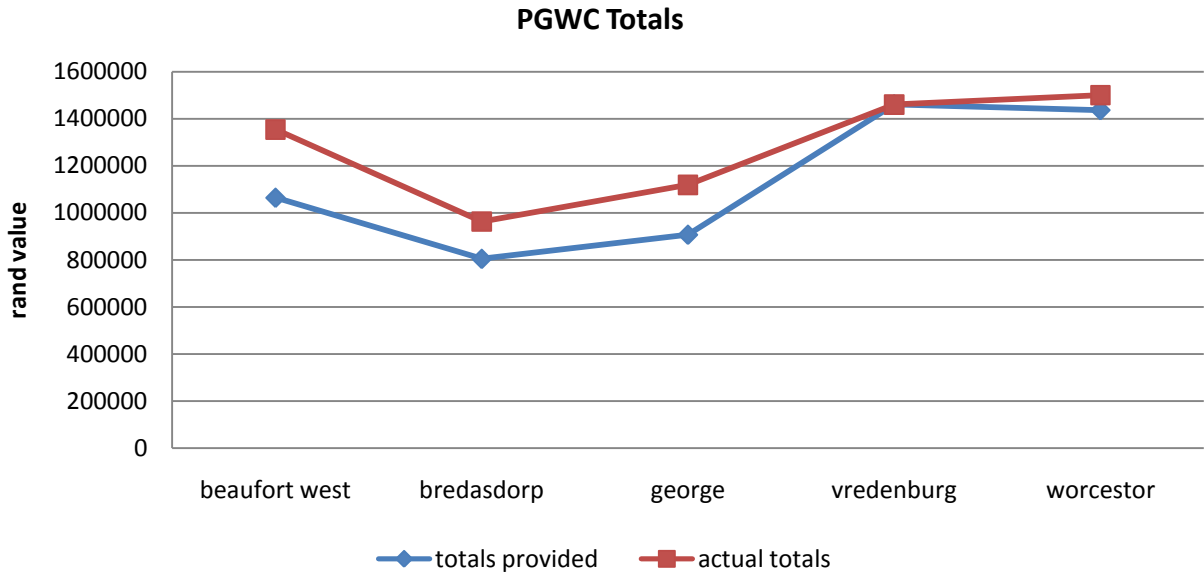


Figure 12: PGWC Totals

While each Fanjol had a budget and a similar expense list there were differences in the amounts spent on items. These differences can be attributed to local pricing and the various requirements for each venue. Across the venues however there were uniform spends such as EMS, security services, chemical toilets, marquees, catering entertainment, marketing, photography and transport. These expenses were a large portion of the budgets and can be considered as the major spends. The total amount of money that was spent on these major spends was R 7 772 914.20. The percentage spent on major spends from each budget is illustrated in the graph below.

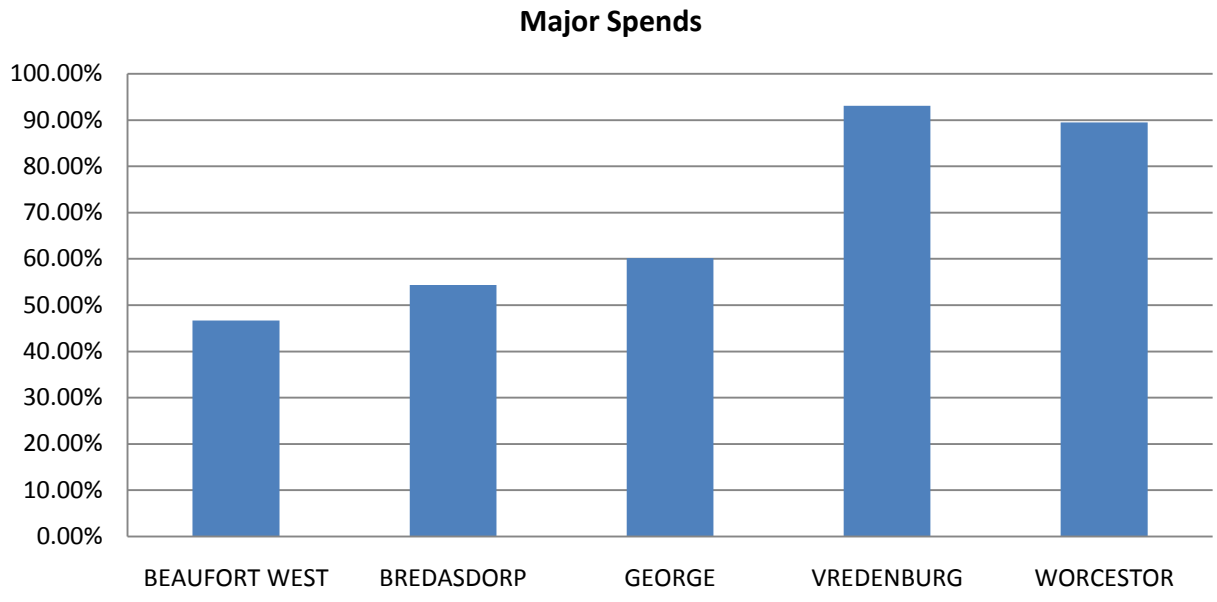


Figure 13: Major spends

The breakdown of the major spends is discussed in the sections that follow. The first expense is the emergency medical services. The total amount of money spent on emergency medical services for the Fanjols was R 590 648. The budget for EMS of each venue is illustrated below;

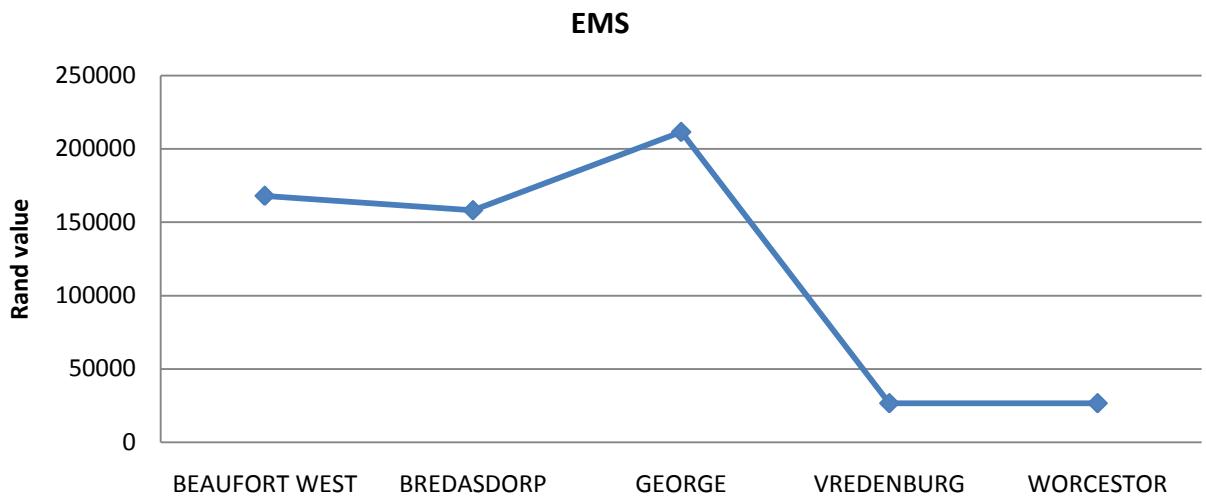


Figure 14: EMS



The highest spend on EMS was in George followed by Beaufort West and Bredasdorp respectively. Vredenburg and Worcestor however had considerably lower spends, this is interesting to note as the amount of staff and hours required was the same for each venue.

The security services were required by each Fanjol to provide security for the eight open days and the 22 closed days. The security services required on closed days was less as they would only provide minimal staff and services. The total amount of money that was spent on security for the Fanjols was R 1 638 278.20. Security costs varied for each venue as the services were provided by private companies. Prior to the Fanjols, the security providers had been selected through a tender application and selection process. These security costs per venue are illustrated in the graph below.

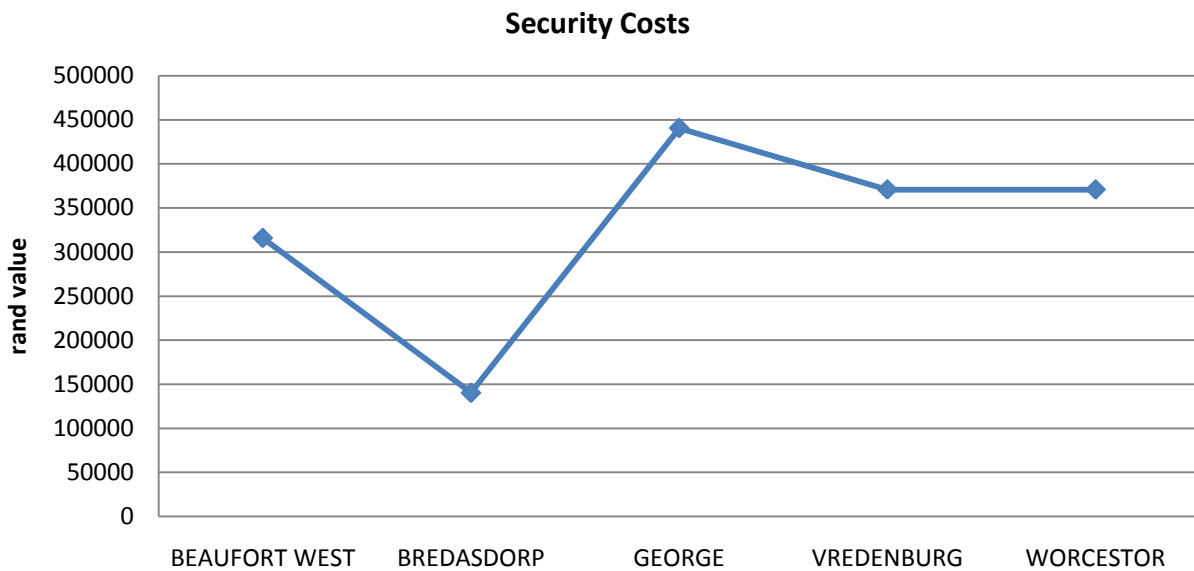


Figure 15: Security costs

From the above graph we can see that the highest security costs were incurred by George followed by Vredenburg and Worcestor. The lowest spend was experienced by Bredasdorp.

Chemical toilets were a significant expense (R 572 384) for the Fanjols after the EMS and security services. The number of chemical toilets required per venue was determined by the estimated attendance figures for each venue. The venue that required the least chemical toilets was Bredasdorp; the reason for this was that the venue had toilet facilities in the stadium. The amount spent on chemical toilets was determined by the numbers required as well as the local supplier costs. The venue with the highest spend was George followed by Vredenburg and Worcestor.

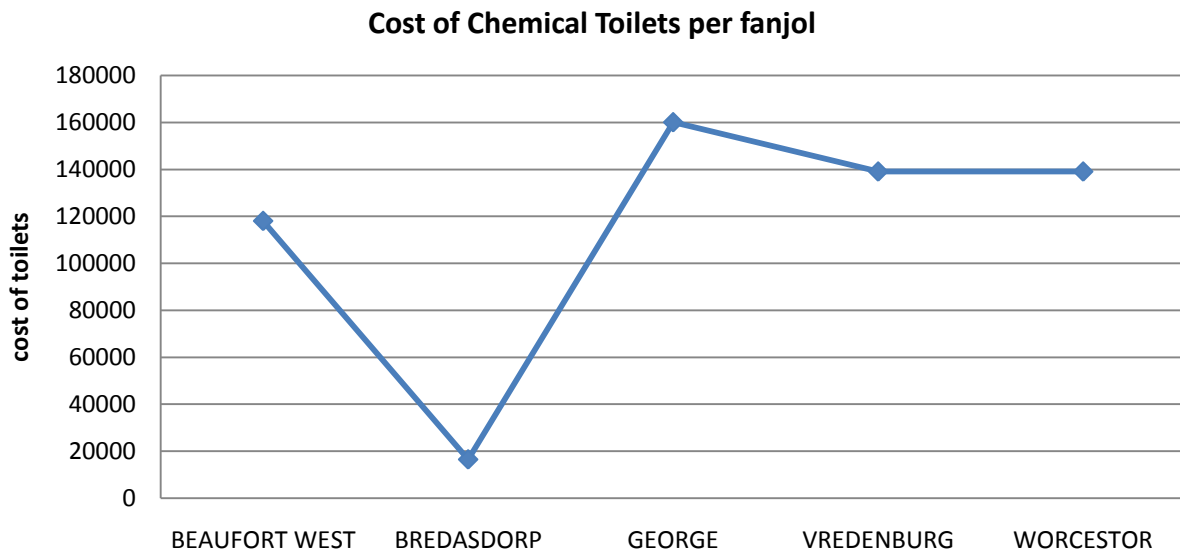


Figure 16: Cost of chemical toilets per fanjol

The soccer world cup was held in June, which is winter in South Africa and so, the venues that did not have sufficient shelter from the wind and the rain for spectators, visitors and audiences had to make arrangements for alternative shelter. Marquee tents were used as alternative shelters and these were utilized for both the audiences and the VIP sections. Both Vredenburg and Worcester made use of marquees for the audiences and the VIP sections while Bredasdorp had one for the audience. Neither George nor Beaufort made use of marquees. The total amount of money spent on marquees for the Fanjols was R 1 632 000. The graph below illustrates the costs of the marquees per venue;

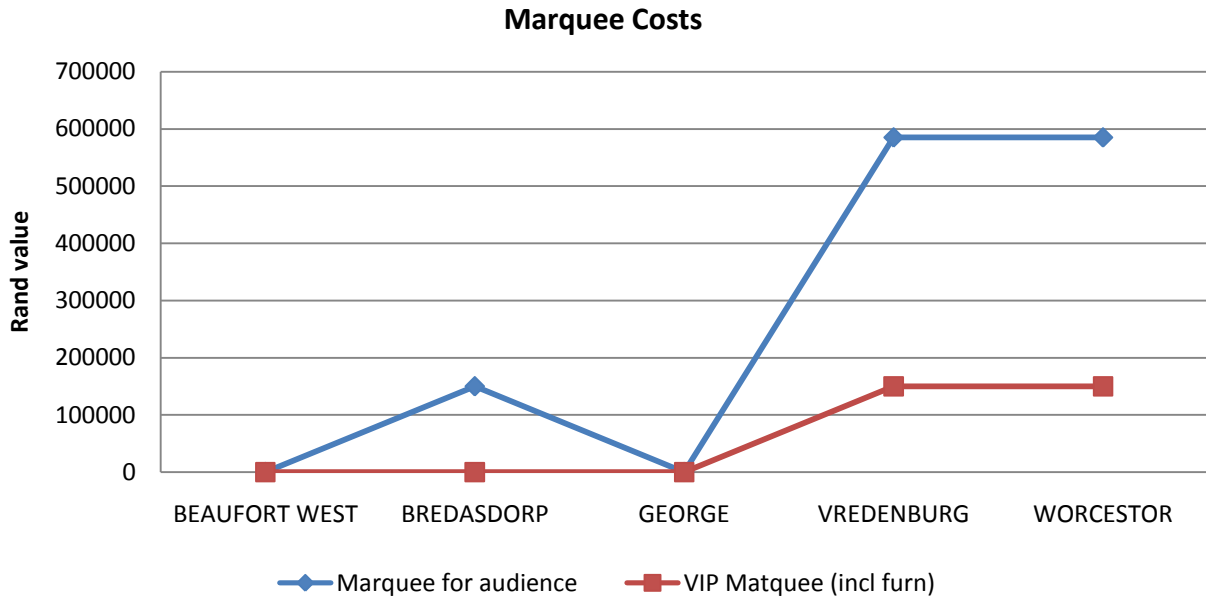


Figure 17: Marquee costs

The total amount that was spent on the audience marquees was R 1 320 000 and the total spent on the VIP marquees was R 300 000.

The catering costs in total amounted to R 1 142 840 and consisted of the VIP catering (R 542 840) and the staff and volunteer catering (R 600 000). The lowest costs for VIP catering and volunteer and staff catering per venue were for Vredenburg and Worcester. The highest costs for staff and volunteer catering were for Beaufort West while George had the highest costs for VIP catering. Total catering costs per venue are illustrated in the graph below;

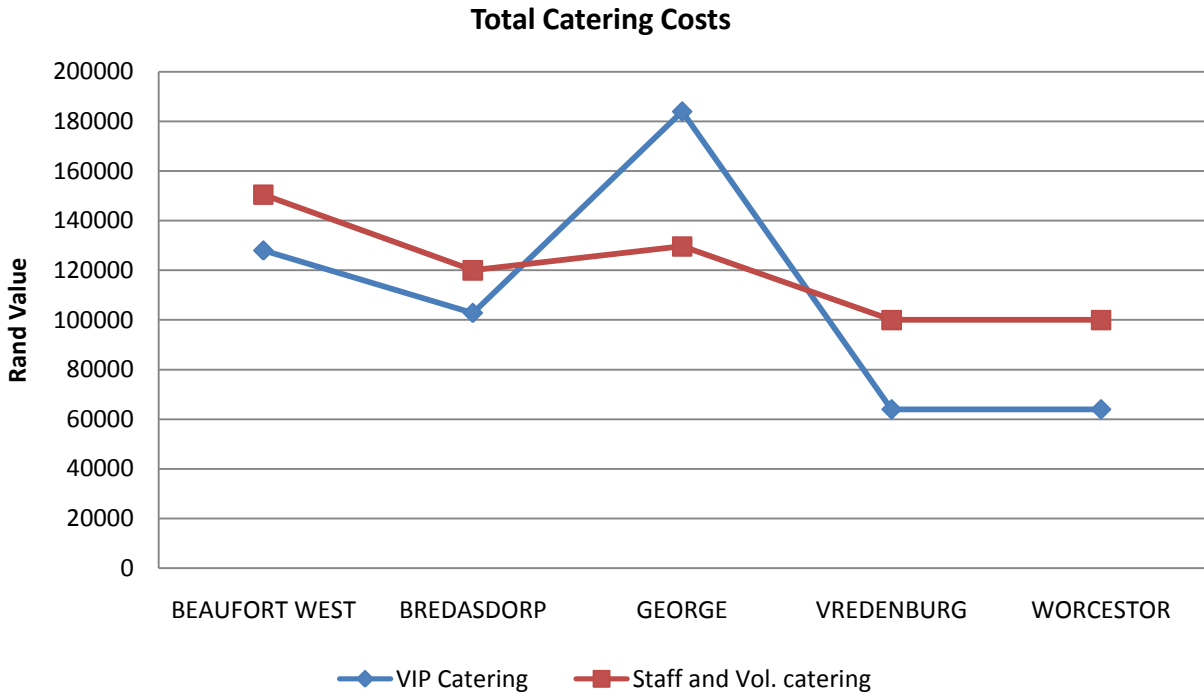


Figure 18: Total catering costs

The cost of catering varied per venue as different suppliers and catering services were used in each area. The price per head for VIP catering ranged from R 80 per head to R230 per head, while staff and volunteer catering ranged between R50-R60 per head. Catering costs per head per venue are illustrated in the graph below;

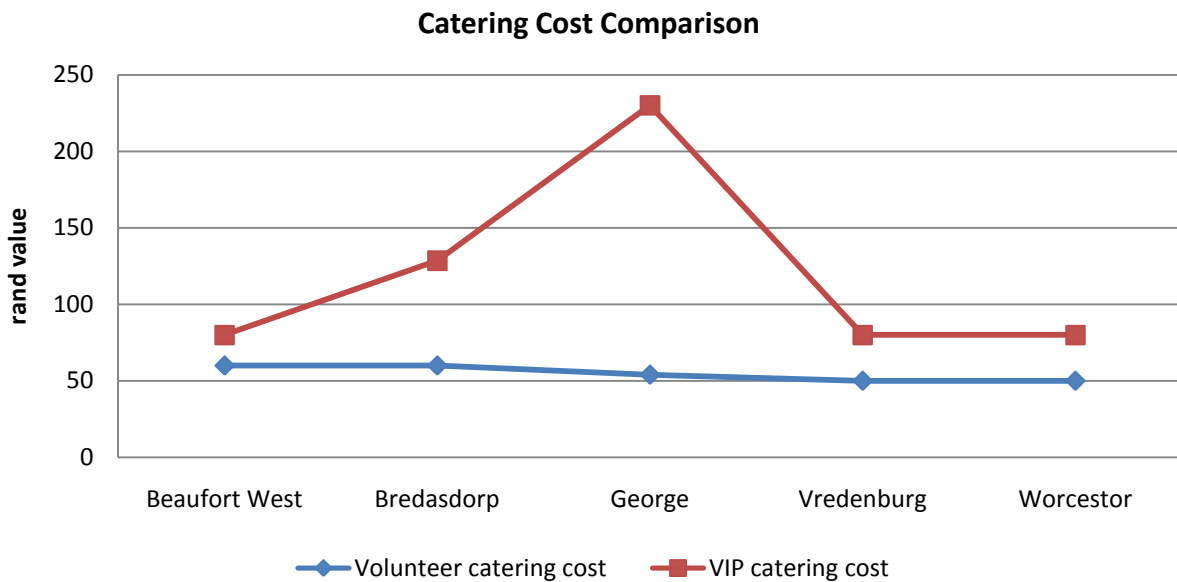


Figure 19: Catering cost comparison

The total amount of money that was spent on entertainment for the Fanjols was R 976 340. Entertainment costs per venue varied for the Fanjols and the highest spends were experienced by George followed by Bredasdorp, while the lowest spend was Beaufort West. The graph below provides an illustration of the entertainment costs per fanjol;

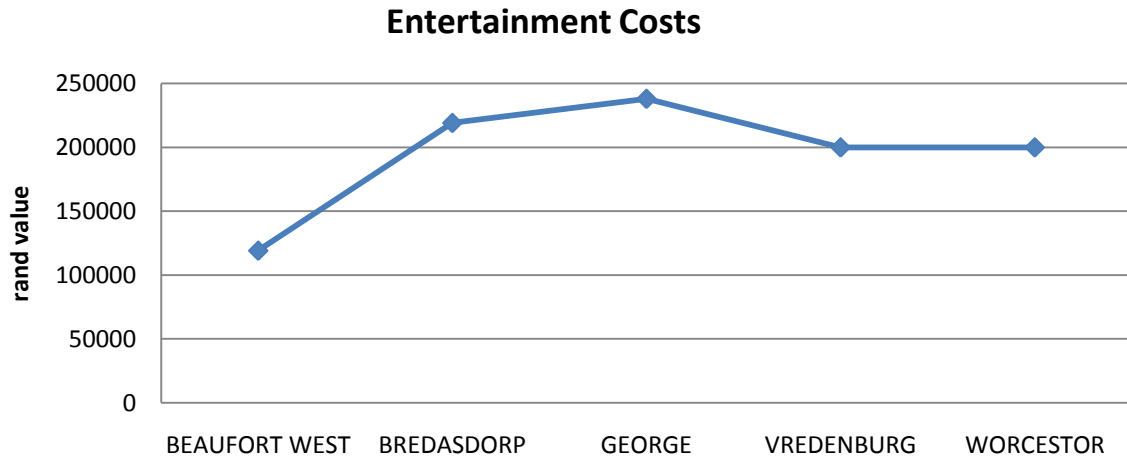


Figure 20: Entertainment costs

Entertainment costs for the five venues consisted of the following costs;

- Live Entertainment- DJs, MC, Bands, Performers
- Jumping Castles
- License

The amounts that were spent on each category also varied between the venues. Financial information received from the Department of Cultural Affairs and Sport indicate that Beaufort-West, Bredasdorp and George received R15,000 for a license, but neither Vredenburg nor Worcester indicated that monies had been allocated or used for the procurement of licenses. Vredenburg did not spend money or did not indicate that money was spent on children's entertainment. The highest spend on live entertainment was for George and Vredenburg while the lowest spend was for Beaufort West.

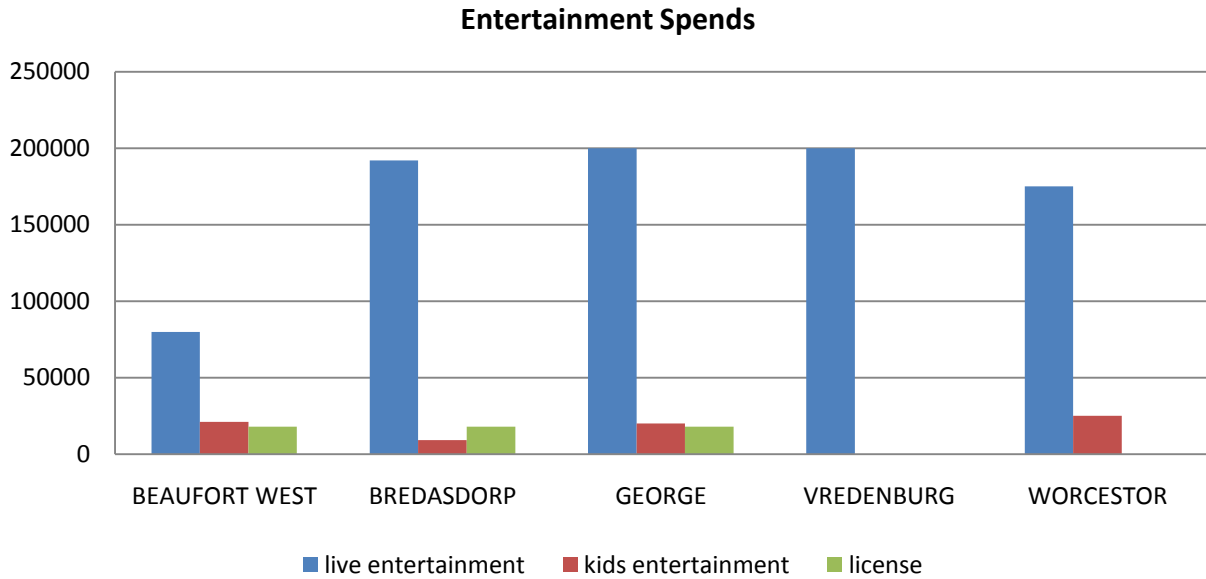


Figure 21: Entertainment spends

Marketing was a small spend (R 220 000) compared to the others but it was one of the most important because without a successful marketing campaign, the attendance at the Fanjols may have been dismal. The amount of money spent on marketing was the same throughout the venues with the exception of Beaufort West that spent an extra R 20 000. This is interesting to note as Beaufort West had the lowest attendance figures overall. The graph below illustrates the marketing costs for each Fanjol;

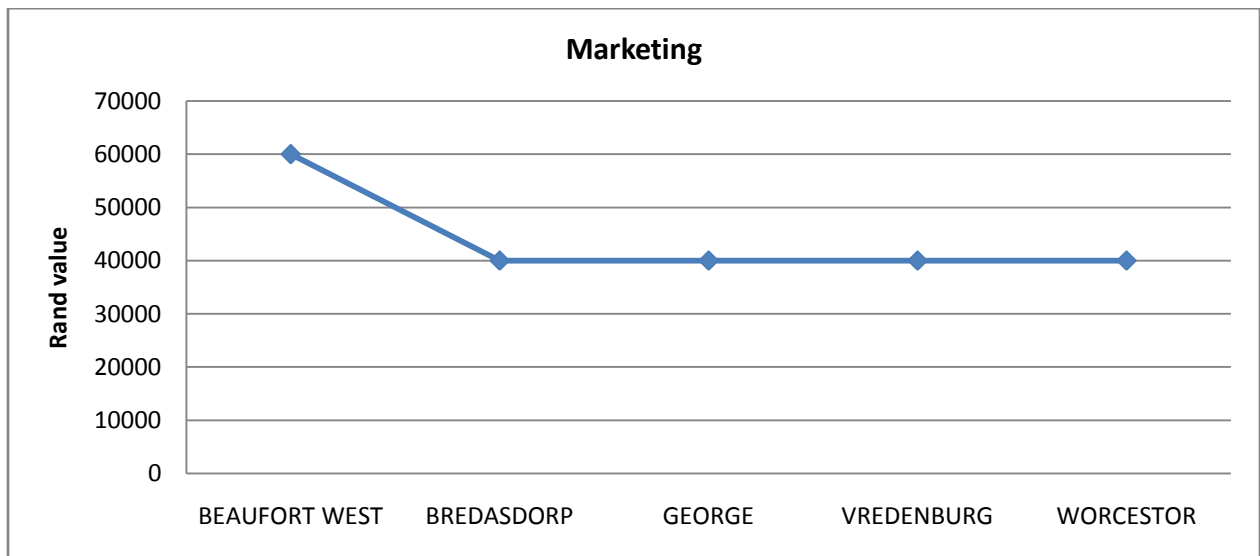


Figure 22: Marketing

Photographer and Videographer costs totalled R 239 624 and the venue specific costs varied according to the area and the local price of the service providers. The lowest price was R 24 624 and this was for Beaufort West, while the highest price was R 64 000 for Vredenburg and Worcester.

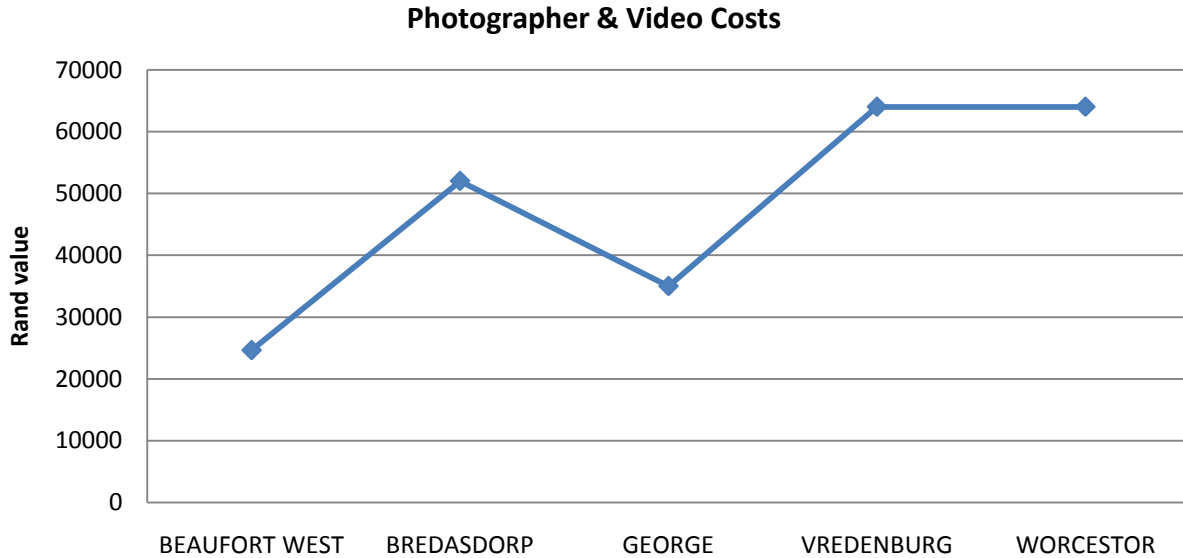


Figure 23: Photographer and video costs

Transport was an important factor in attracting people to the venues and the amount of money spent on local and district transport for the Fanjols was R 772 800 in total. The majority of this money (R 590 000) was spent on district transport and the remainder (R 182 800) was used for local transport. Beaufort West however did not spend any money or at least did not indicate that money was spent on district and local transport. Local transport and district transport was used in Bredasdorp and Worcester while district transport only, was used in Vredenburg and George.

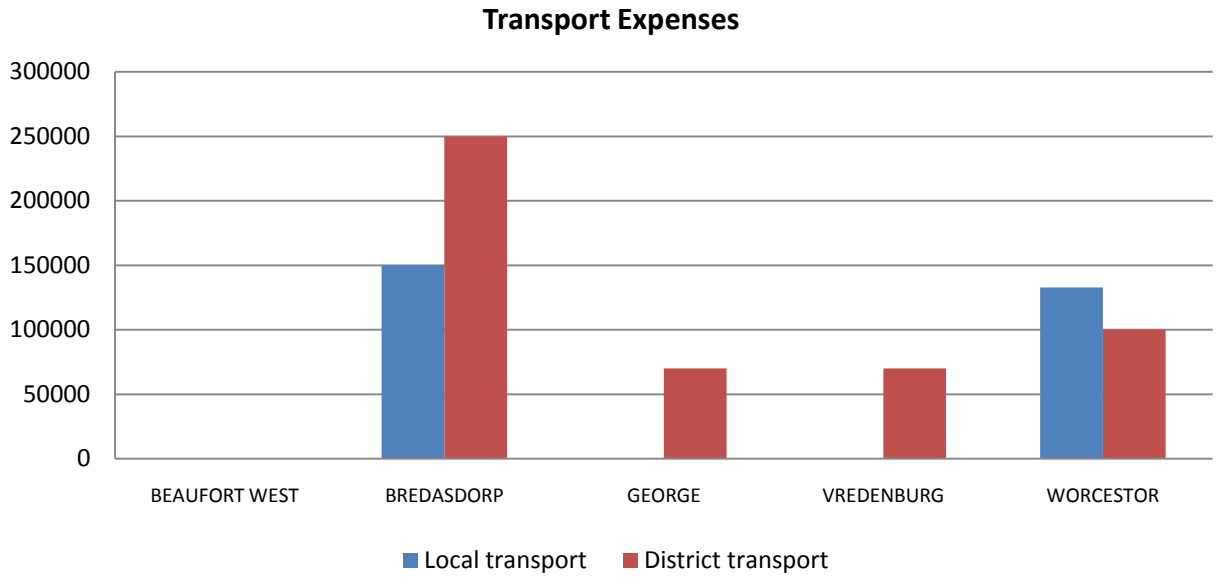


Figure 24: Transport expenses

### 3.1.1.1. CONCLUSION

Despite the efforts to ensure success of the Fanjols, the attendance figures were lower than expected. To be able to assess the implications of the budgetary spends on the success of the Fanjols we would need to compare the information with the data collected from the service providers and vendors as well as the audience satisfaction surveys. The following sections of the report discuss the results of the service providers' survey and the economic impact of the Fanjols.



### 3.2. SERVICE PROVIDERS ANALYSIS

In order to determine the economic impact of the Fanjols on the Fanjol service providers, FEM Research developed a survey conducted telephonically to take into account demographic and financial information. Contact information for 24 service providers were provided for the five areas; Beaufort-West, Bredasdorp, George, Vredenburg, and Worcester. Service providers can be defined as companies who performed a specific function(s) during the Fanjol such as the delivery of security. Of the original sample, 19 service providers (79.14%) were willing to participate. A breakdown of the spread of the vendors and service providers interviewed appears below.

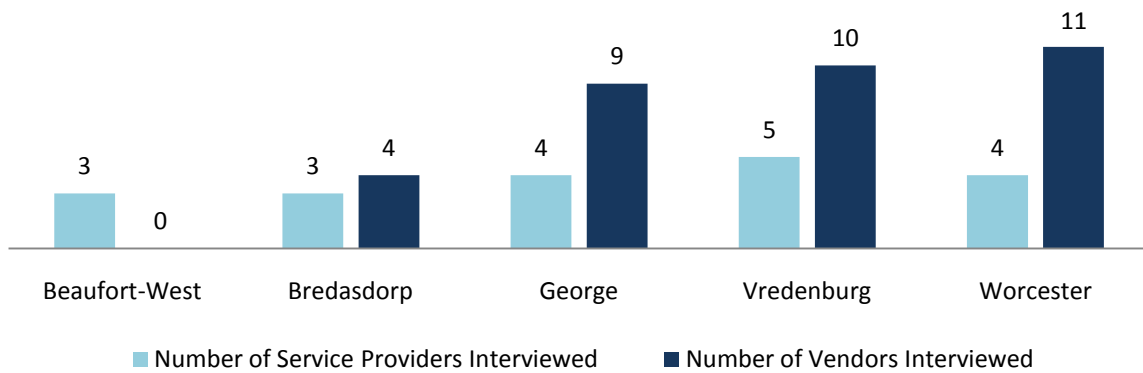


Figure 25: Number of service providers and vendors interviewed

Of the 19 service providers who were willing to engage in a telephonic interview, 18 (94.74%) provided financial information to enable comparisons and conclusions. The information that was provided by the service providers has been compiled and analysed and is presented in the following sections of this report.

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### 3.2.1 POSITION OF THE REPRESENTATIVE WITHIN THE ENTITY

The majority (63.16%) of service provider representatives interviewed were owners; while the rest

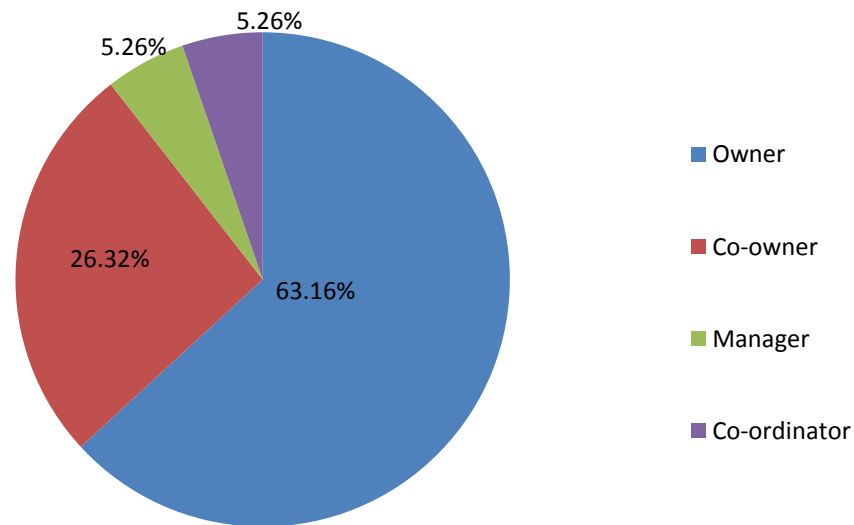


Figure 26: Position within the service provider of person interviewed

consisted of five co-owners, a manager, and a co-coordinator.

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### 3.2.2 CORE WORK CONDUCTED BY THE ENTITY

Of the 19 service providers interviewed seven were caterers<sup>3</sup>, five-rendered security services (with one renting out a jumping castle in addition), two videographers, and one provided entertainment.

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<sup>3</sup> Two caterers were awarded additional tenders, with one of the caterers renting out jumping castles and another delivering logistics and a generator.

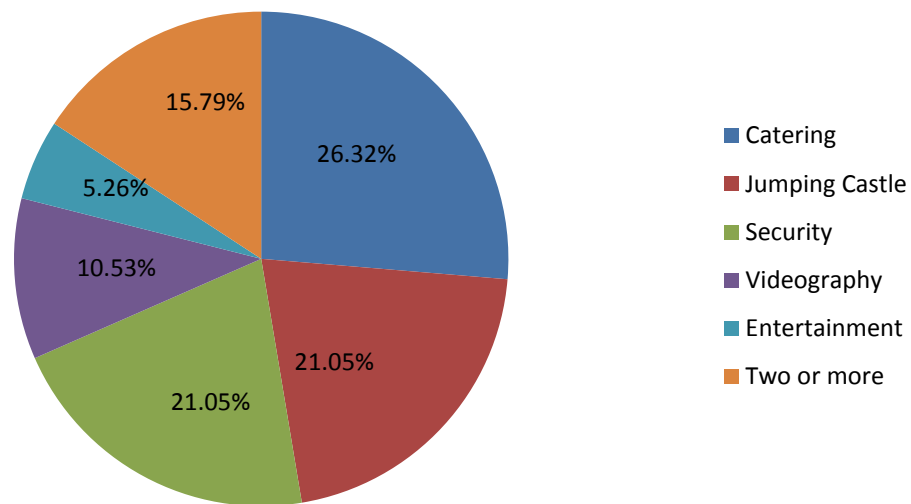


Figure 27: Types of services renders by interviewees

### 3.2.3 WAS THE ENTITY CREATED SPECIFICALLY FOR THE FANJOL

Only two of the 19 interviewed stated that the World Cup was the impetus for their business' creation. Service providers to the Fanjols were companies established before the 2010 Soccer World Cup with 57.89 percent being in existence for longer than two years.

### 3.2.4 WILL THE ENTITY BE CONTINUING WITH ITS OPERATIONS

When asked whether they would be continuing with their business after the Fanjol, all 19 service providers stated yes, with some indicating that their business has in fact increased after the Fanjol due to an increase demand from the public sector for their services.

### 3.2. 5 AGE OF THE ENTITY

Of the service providers interviewed 42.11 percent had been in business for at least one year. There is a slight difference amongst the five Fanjol areas, with Beaufort-West, and Vredenburg having the lowest averages for operation being around 11 months, and 20 months respectively. Service providers in George, Worcester, and Bredasdorp have all been in business for more than 4 years.

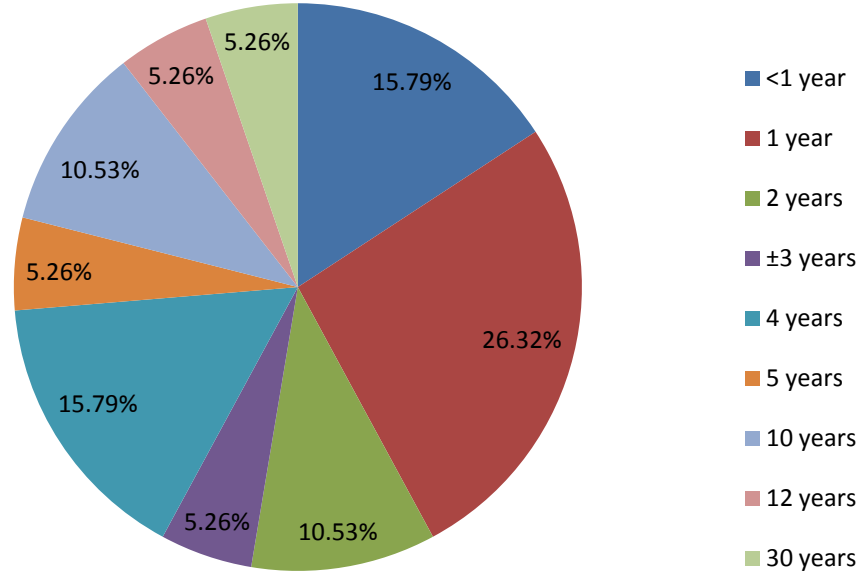


Figure 28: Company age distribution

### 3.2.6 LEGAL POSITION OF THE ENTITY

Closed corporations were the preferred legal position of service providers interviewed, while 42.11 percent of the service providers were registered as sole proprietors. Service providers from Worcester, Vredenburg, and Bredasdorp are all represented in either of these two legal positions, but service providers from George and Beaufort-West indicate a single preference for closed corporation and sole proprietor status respectively. Service providers from Vredenburg, George, and Bredasdorp show a preference for Closed Corporation status: whilst service providers from Worcester and Beaufort-West predominantly have sole proprietorships.

### Sole Proprietor

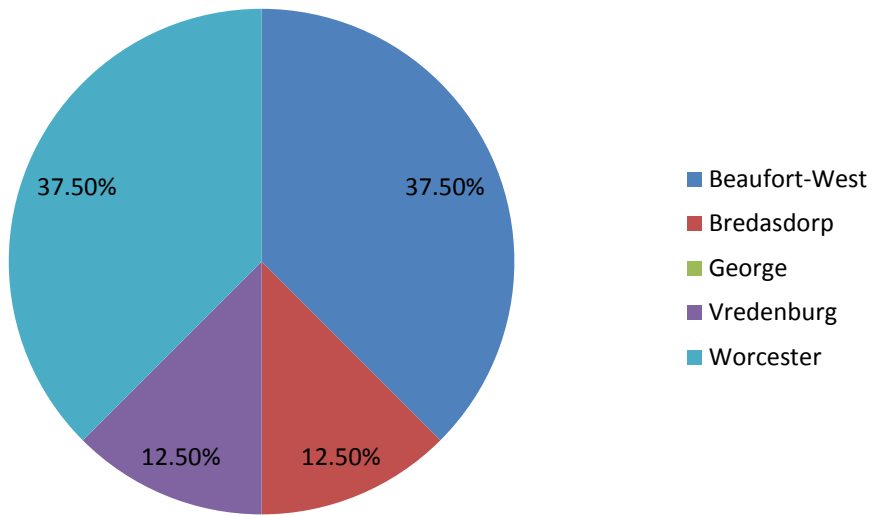


Figure 29: Prevalence of sole proprietorship as company legal position

### Closed Corporation

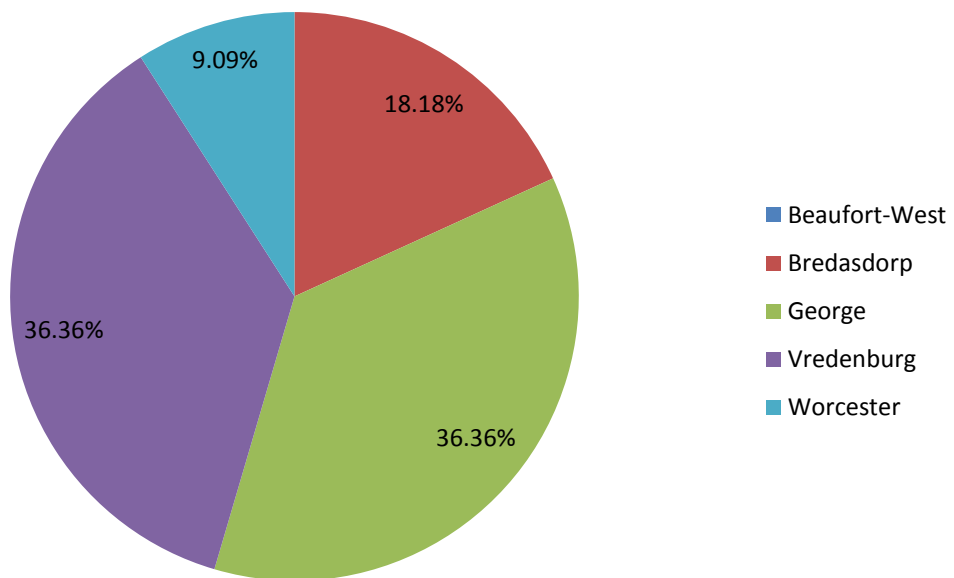


Figure 30: Prevalence of closed corporations among service provider interviewees

### 3.2. 7 NUMBER OF INDIVIDUALS EMPLOYED BY THE ENTITY

For the purpose of grouping the information gathered from the service providers, the data has been broken down into the following categories:

- 0-5 employees, defined as start-up
- 6-10 employees, defined as a small enterprise
- 11-25 employees, defined as a micro enterprise
- 26-50 employees, defined as medium sized enterprise
- 51 employees and more, defined as a large enterprise

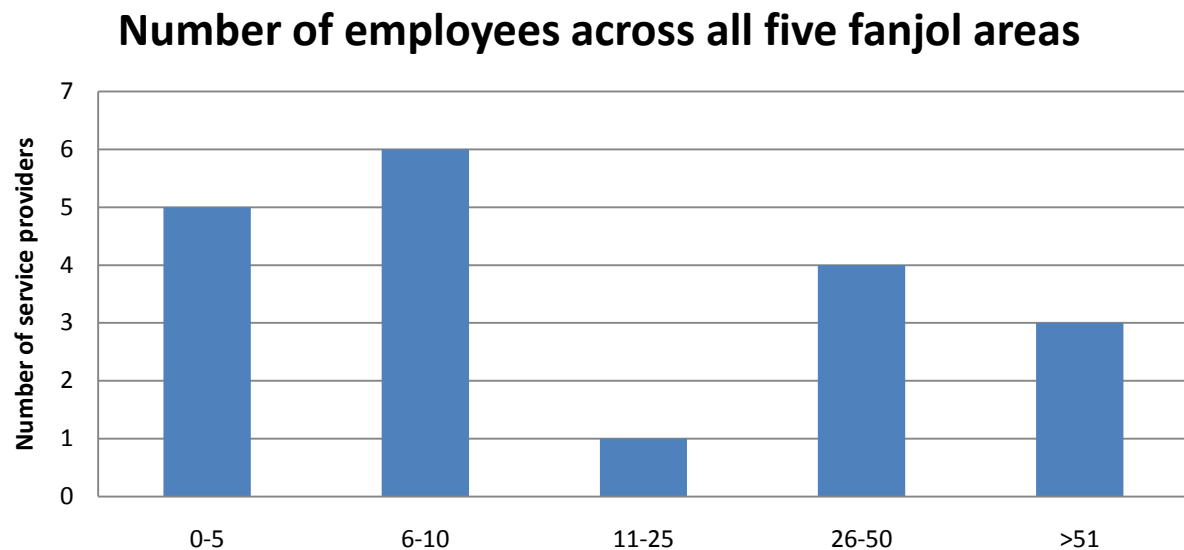


Figure 31: Number of employees across all five fanjol areas

Based on the information gathered, 57.89 percent of the service providers had maximum of 10 employees and 84.21 percent are classifiable as start-up, small, micro and medium enterprises. The remaining 15.79 percent are security companies from Beaufort-West, Worcester and George and represent the large enterprises with 51 employees and more in the sample.

As can be on the following page, the employee numbers amongst the different areas had wide variations in employee numbers, with George being the only area with respondents having employee numbers exclusively higher than 24.

Employees	Beaufort-West	Bredasdorp	George	Vredenburg	Worcester	Proportion
0-5	0.00%	33.33%	0.00%	40.00%	50.00%	24.67%
6-10	66.67%	33.33%	0.00%	40.00%	25.00%	33.00%
11-25	0.00%	0.00%	25.00%	0.00%	0.00%	5.00%
26-50	0.00%	33.33%	50.00%	20.00%	0.00%	20.67%
>51	33.33%	0.00%	25.00%	0.00%	25.00%	16.67%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Figure 32: Prevalence of employee number across all five fanjol areas

### 3.2.8 NUMBER OF HIGHLY SKILLED EMPLOYEES (HIGHER THAN MATRIC LEVEL QUALIFICATION)

From the 19 interviews conducted with service providers from five Fanjol areas, it was found that the majority of the service providers did not have highly skilled employees.

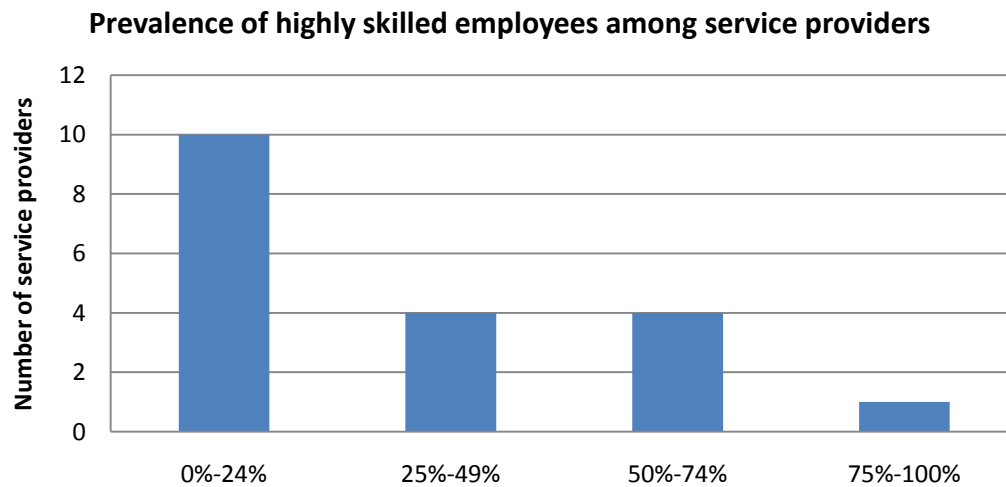


Figure 31: Prevalence of highly skilled employees among service providers

The total number of employees involved in companies during the Fanjol period was 1162, of which, 169 (14.54%) were deemed highly skilled.

### 3.2.9 THE TOTAL TURNOVER OF THE ENTITY OVER THE FANJOL PERIOD

Of the nineteen service providers, only eighteen provided information that could be used to access the Fanjols' financial impact. The total turnover of eighteen of the service providers for the Fanjol was R 2,932,046.67, with the average contract for the group being R 162,891.48.

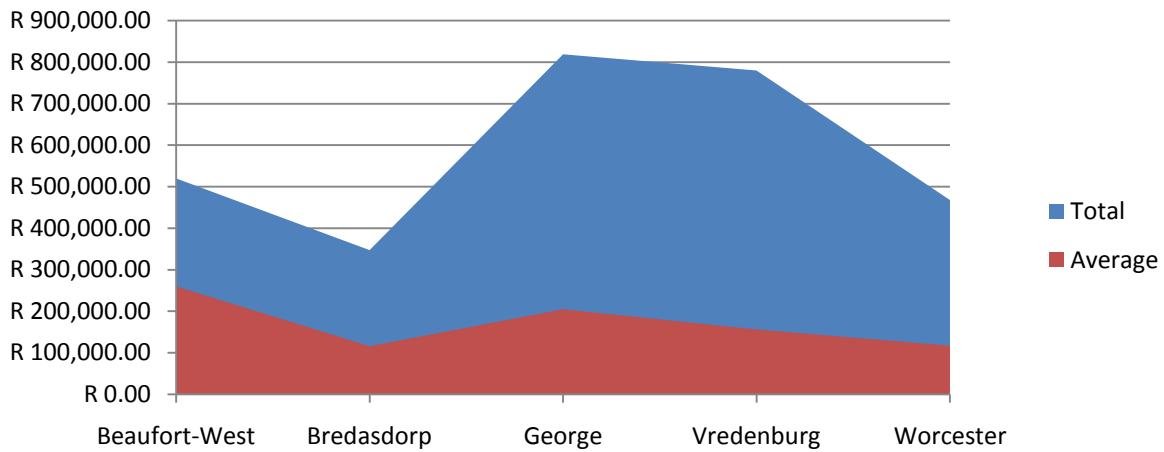


Figure 32: Total turnover across all five fanjol areas

Tenders valued at R50, 000 or less, were received by a third of service providers interviewed. These service providers were either videographers or jumping castle suppliers. The top four contract amounts were for security service providers, with George and Vredenburg’s service providers being the highest paid. However, the fifth security provider, from Bredasdorp, received the least with an amount of R158,00 which is R300,000 less than security providers from George and Vredenburg.

### Turnover bands

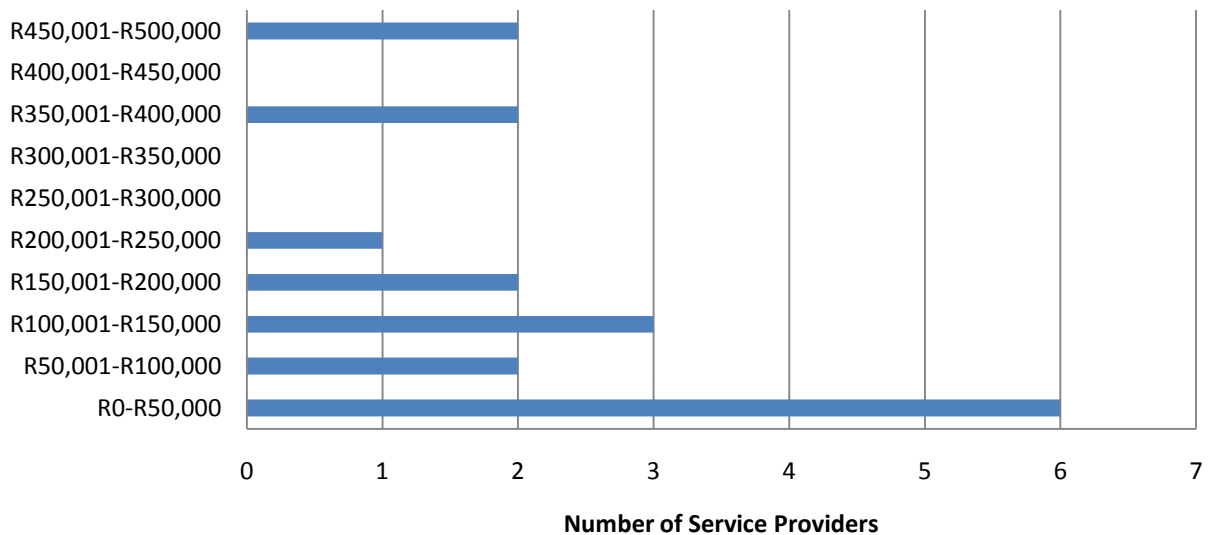


Figure 33: Number of service providers earning between set turnover bands



Bredasdorp and Worcester had the lowest average paid to service providers with R115, 666.67 and R116, 866.67 paid to them respectively, but no videographer was interviewed for Bredasdorp, this would have shifted the average lower still.

Fanjol Area	Service Provider Number	Average Spent Per Municipality
Beaufort-West	2	R 259,810.00
Bredasdorp	3	R 115,666.67
George	4	R 204,625.00
Vredenburg	5	R 155,892.00
Worcester	4	R 116,866.67

Figure 34: Average amount of money spent per municipality on service providers

Taking a closer look at the turnover performance per area, the graph below indicates the number of service providers that achieved turnover in the range of income bands shown in the legend to the right of the graph.

Turnover Range	Beaufort-West	Bredasdorp	George	Vredenburg	Worcester	Proportion
R0-R50,000	0%	0%	25%	60%	50%	27%
R50,001-R200,000	50%	100%	50%	0%	25%	45%
R200,001-R400,000	50%	0%	0%	20%	25%	19%
R400,001-R500,000	0%	0%	25%	20%	0%	9%
<b>Total</b>	100%	100%	100%	100%	100%	100%

Figure 35: Turnover performance of Service Providers per Fanjol area

### 3.2.10 INDICATION OF THE TOTAL COSTS FACED BY THE ENTITY FOR THE PERIOD OF THE FANJOL

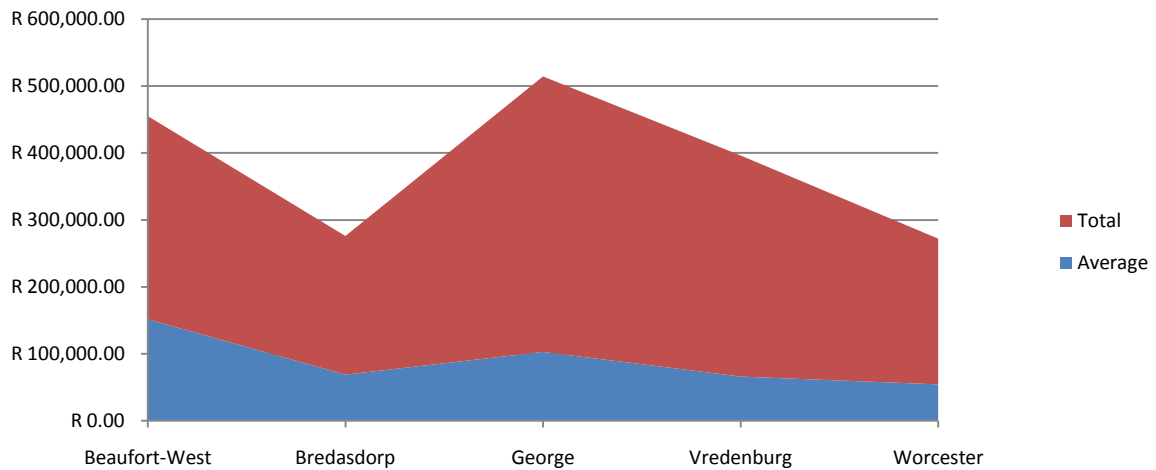


Figure 36: Total and average costs incurred by service providers across all five Fanjol areas

The total cost incurred by the 18 service providers was the amount of R1, 469,559.00, with an average of R81, 642.17 across all five Fanjol areas. The chart below indicates how the total and average amount differed per area.

The graph below shows how the costs experienced is spread amongst the different area. Half of the suppliers had costs within the R0 to R50, 000 ranges. The security company from Beaufort-West incurred the most cost spending R 271,334.00 on expenses.

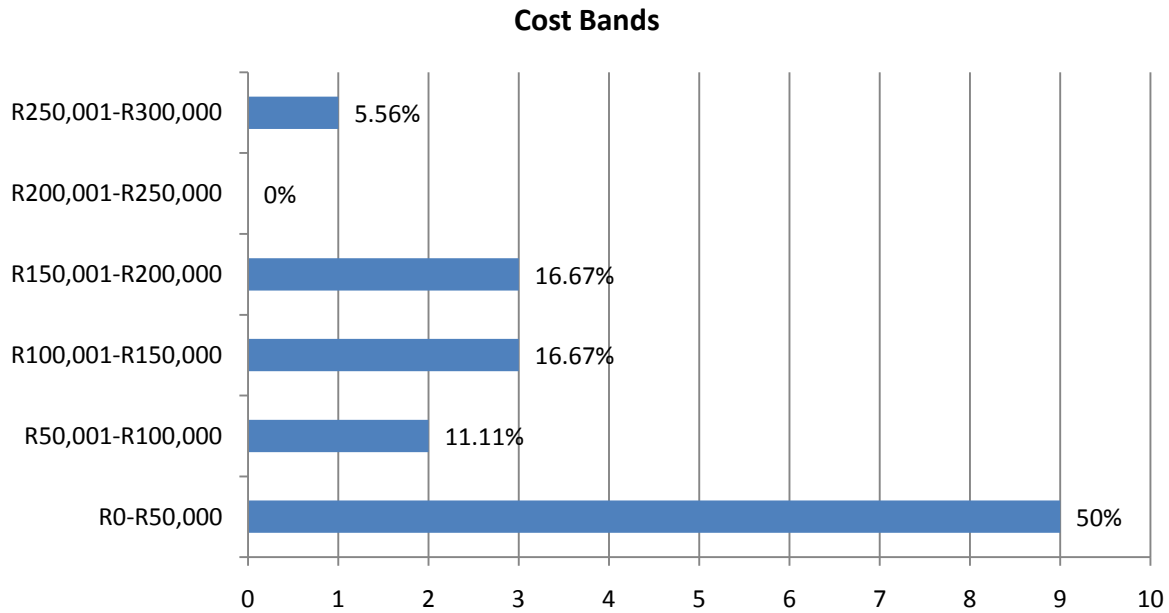


Figure 37: Number of service providers incurring costs within cost bands

### 3.2.11 INPUTS AND SUPPLIERS THE ENTITY USES & INTERACTS WITH DURING BUSINESS

There are eight broad categories of input indicated by the service providers interviewed. These inputs include food, beverages, uniforms, capital investment, decor, labour, packaging and other expenses. Caterers and some security companies' included food such as meat, dairy, and baked goods as inputs. Capital goods mentioned include such things as radios for security companies, jumping castles for three of the jumping castle providers, and cooking equipment for a caterer. Different labour expenses given include editing and sound for videographers. Security firms also noted the cost of acquiring new uniforms, clothing and shoes for new staff members, whilst caterers noted decor costs such as plants and flowers. Additional expenses included petrol, renting homes, and cell phone calls.

### 3.2.12 DESCRIBE THE PROBLEMS FACED BY THE ENTITY BEFORE, DURING AND AFTER THE FANJOL

Management and implementation, communication, planning, and the tender process emerged as common themes for both negative and positive aspects experienced.

The negative comments and issues that were faced by the service providers are discussed in this section of the report. As seen in the chart, the biggest issues that were encountered were planning (46.30%) and management and implementation (38.89%) while communication (11.11%) and the tender process (3.70%) received fewer negative comments.

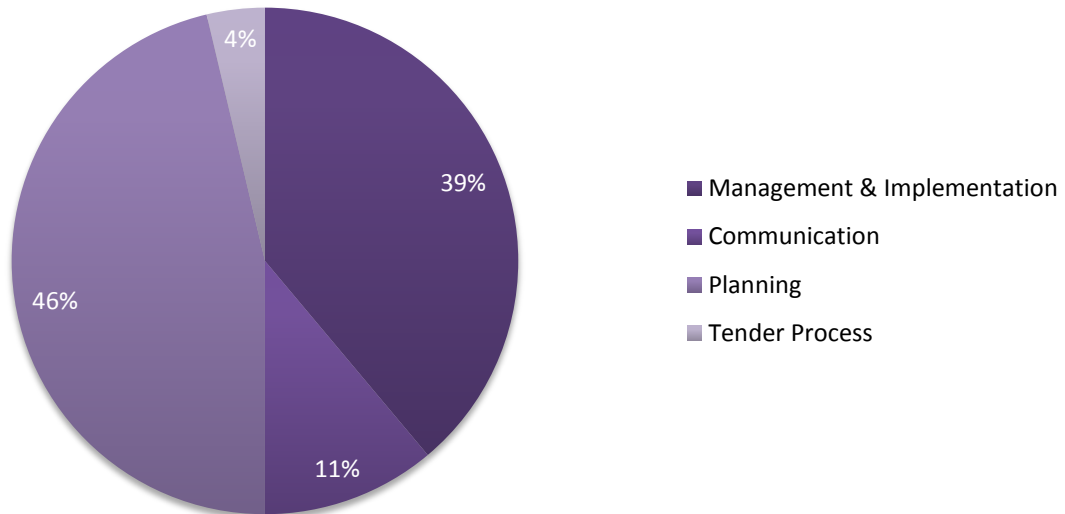


Figure 38: Problems experienced by service providers

Eight (42.11%) of the 19 service providers stated that too little time was given to firstly, apply for a tender and secondly, between being awarded the tender and the start of the Fanjol itself<sup>4</sup>. Poor preparation for the weather is the second largest planning problem identified by service providers, with 26.32 percent (from George, Vredenburg, and Beaufort-West) stating that the poor weather negatively affected soccer supporter turnout. In addition, half of the Beaufort-West service providers indicated that a Marquee tent was needed.

The receipt of payment is the largest problem for the management & implementation group, with 26.32 percent of service providers (at least one from all the areas except for Worcester), stating that they received payment only a month after the Fanjol or they are still awaiting payment.

In terms of communication, 21.05 percent of the interviewed service providers stated that ongoing meetings were needed. Meeting where grievances can be made known, and decision-making can be discussed, reflecting on what worked that day, and what did not.

The measures used to award tenders have come into question by a service provider from Bredasdorp who states that the tendering process has gone overboard with allocating R16,000 on a tender to clean

<sup>4</sup> One caterer from Worcester stated that they had only had from Thursday to Monday 12h00 (less than four days) to send in a tender, whilst another company states that they only had three days between the start of the Fanjol and hearing that they were awarded the tender.

eight bathrooms. In addition, he feels that there is not a clear relationship between performance and reward when it comes to the payment of the tenders.

### 3.2.13 WHAT WORKED WELL

It is interesting to note that while planning received the most negative feedback followed by management and implementation, management and implementation received the most positive comments in this section.

As seen in the chart, management and implementation (55%) and communication (30%) are the two components receiving the most positive feedback whilst planning received ten percent and the tender process with five percent of the feedback. Whilst six of the interviewed service providers (31.58%) thought, the Fanjol was a success.

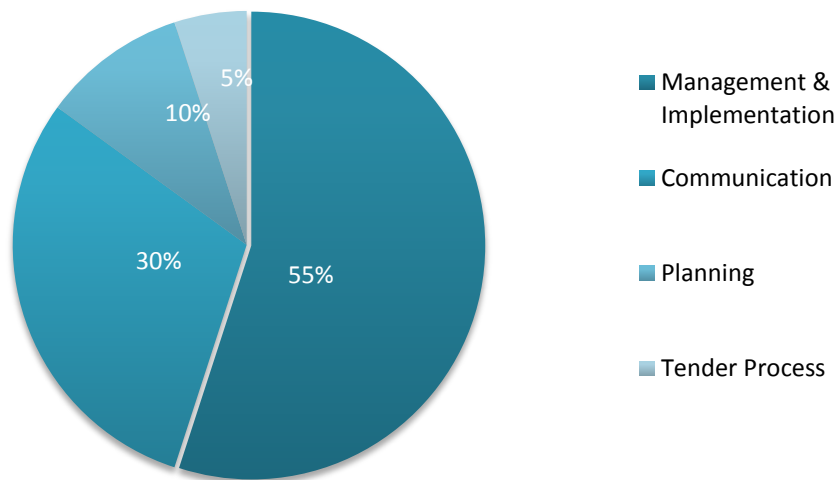


Figure 39: Positive elements experienced by service providers

Falling under management & implementation, the police, security, traffic, and emergency staff's presence received positive feedback from 31.58 percent of service providers interviewed. The second most commented on subject was that of the timely payment received from the municipality, with 15.79 percent of service providers stating it<sup>5</sup>. However in the previous section late payment had been commented on, so it would appear from the surveys that was not a problem experienced by service

<sup>5</sup> Two thirds of the positive feedback came from Vredenburg.

providers in Vredenburg as the positive comments about prompt payment had come from that Fanjol in particular.

Teamwork and cooperation, and the accessibility of organisers ensured that communication received the second most positive feedback; with both teamwork and cooperation, and accessibility each receiving 15.79 percent of the total service provider positive feedback.

Furthermore, a service provider from Bredasdorp and another from George gave positive feedback about the organisation of the Fanjols, whilst another from Vredenburg gave positive feedback about the tender process.

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### 3.2.14 FURTHER COMMENTS, RECOMMENDATIONS & SUGGESTIONS

A service provider commented that a great financial burden is placed on a service provider tendering for a contract, as the company needs a strong cash flow to carry the costs, so smaller firms are excluded. In future it may be advisable to give the service provider a deposit to cover some of the costs. In addition, advising that insurance should be taken out and included in the quoted price would help.

Another service provider suggested a database be kept with lessons learnt, taking note of what works and what does not. This would make it unnecessary for service providers to start from scratch when they want to organise something or put out a tender. This way it would be easier to keep track of the knowledge internally.

## 3.3 RETURN ON INVESTMENTS

Return on investment is calculated by taking the profit (total turnover minus total cost) and dividing it with the total cost. This way a clearer idea is given of how much a service provider received in return for the costs incurred to deliver on the terms of the tender.<sup>6</sup>

The seven catering companies interviewed were in business before the Fanjol took place, with the youngest company being seven months old by the end of July 2010. Of the caterers, 42.86 percent have been in existence for one year, and the oldest catering company interviewed was 30 years old. Of the group as a whole, 57.14 percent had ten or less employees with the numbers of skilled employees amongst caterers being less than 12 percent. The best ROI performance was a caterer in Bredasdorp with 312.50 percent. The entity was registered as a sole proprietor and had been in business for five months when the Fanjol started with six staff members, none of them skilled. In comparison, a caterer from George had the lowest performance with a ROI of 5.95 percent. This entity was registered as a closed corporation and had two highly skilled staff members, 32 general staff members and had been in business for ten years.

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<sup>6</sup> E.g. if the tender was valued at R1,000, and the costs were R500, the profit would be R500, and the ROI would be 100% since the service provider made R500 profit from a R500 investment.

Five security service providers were interviewed. The top ROI performer comes from George, with a ROI of 235.17 percent. This entity was registered as a closed corporation and had been in business for two years with 800 staff members, ten percent of whom were considered highly skilled. A security service and jumping castle provider from Beaufort-West had the lowest return on investment in the security service group<sup>7</sup>, with 42.86 percent. This sole proprietorship was started because of the Fanjol and had 61 employees of which 16.39 percent were highly skilled

There is a great deal of variance among the two videographers interviewed, with the one in Worcester receiving a ROI of 10.91 percent, and the one in Vredenburg receiving a 200 percent return. The videographer from Vredenburg was in the business for five years and was registered as a closed corporation, employed seven people with two being highly skilled. The videographer from Worcester had been in business for 12 years as a sole proprietor with three highly skilled employees.

Four jumping castle service providers have been interviewed; with three of them indicating, that the company was a year old and registered as a closed corporation, with four or less employees. A jumping castle provider from Vredenburg had the highest ROI, with 195.56 percent. Whilst another jumping castle provider from Vredenburg as well had the lowest ROI of 58.33 percent. The graph below gives an overview of the ROI performance of different service providers from different areas.

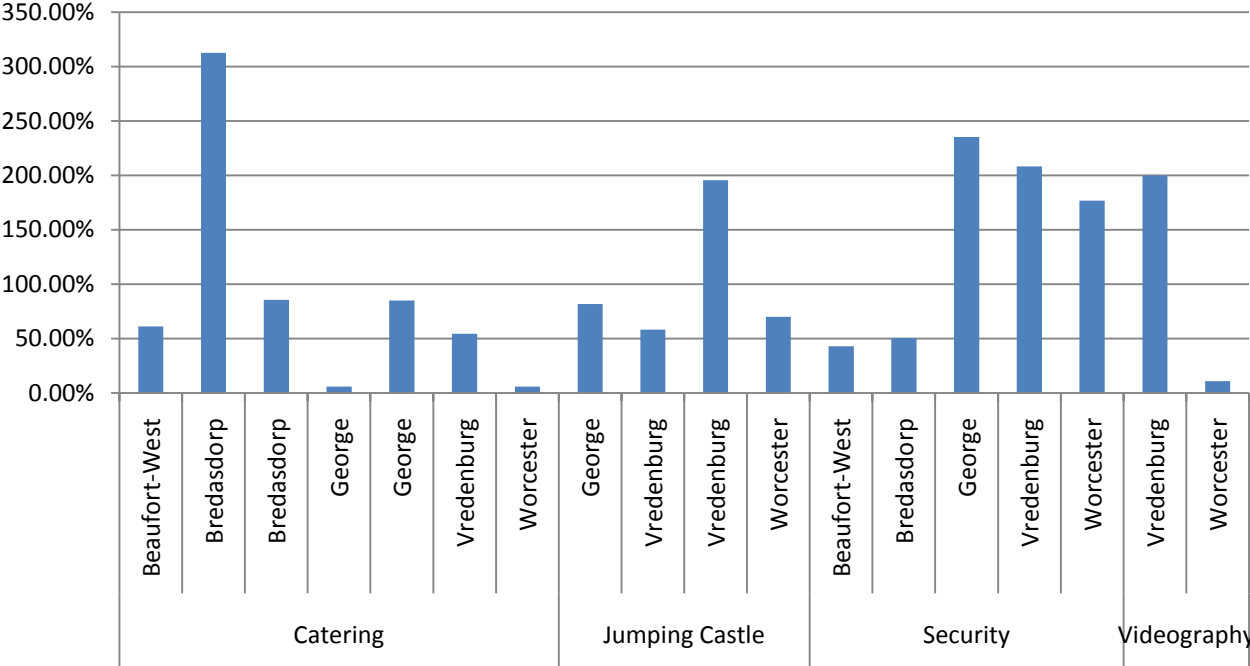


Figure 40: Overview of the types of service providers interviewed per area

<sup>7</sup> Included in the security group since the jumping castle tenders were small in size (+/- R20,000).

### 3.4 CONCLUSIONS OF THE DATA ANALYSIS

Contact information for 24 service providers was provided for the five areas; Beaufort-West, Bredasdorp, George, Vredenburg, and Worcester. For the purpose of this report, service providers were defined as companies who performed some function during the Fanjol such as the delivery of security or catering services. Of the original sample, 19 service providers (79.14%) were willing to be interviewed. Of the 19 service providers who were willing to engage in an interview, 18 (94.74%) provided sufficient financial information to enable comparisons and conclusions.

The survey asked questions about the position (within the company) of the interviewee, the type of services provided by the entity, the age of the entity, the legal position of the entity, the number and skill level of employees, the financial impact on the entity and its suppliers, as well as problems, positive feedback and recommendations regarding the Fanjol management.

The service providers interviewed were mostly owners (63.16%) or co-owners (26.32%), providing catering (26.32%), jumping castles (21.05%) and security services (21.05%). In addition, 42.11 percent of service providers have been in operation for one year or less, and only two stated that the 2010 Soccer World Cup was the impetus for the start of their business, but all 19 stated that they would be continuing with their business, and stating that the Fanjol has helped grow their business.

Furthermore, the service providers were either registered as closed corporations (57.89%) or sole proprietors (42.11%), and 47.37 percent of service providers having seven employees or less. In addition, 52.63 percent stated that a maximum of 20% of their employees either studied further than matric or were highly skilled. Furthermore, the best performing company, in terms of ROI, in its category – whether catering, videography, security or jumping castle leasing – had the least or second least percentage of skilled employees.

The total costs incurred (R1,469,599.00) by service providers from the five Fanjols were almost half that of the total turnover (R2,932,046.67). The service providers' inputs can be categorised into eight broad groups: food, beverages, uniforms, capital investment, decor, labour, packaging and other expenses.

Positive and negative feedback received from service providers can be grouped under the four broad categories of planning, management and implementation, communication, and the tender process. In terms of problems, planning (46.30%) followed by management and implementation (38.89%) were the most referred to categories. On the other hand, management and implementation (55%) and communication (30%) related matters received positive feedback. Therefore, it is clear that the survey participants did not view the Fanjol planning as effective and that the management and implementation had received a more balanced review. In addition, recommendations received from service providers centered predominantly on features of the tender process.



#### 4. ECONOMIC IMPACT OF THE FANJOLS

The economic impact of the Fanjols is made up of two critical components. The first consists of the monies spent by the various government agencies. The total amounts spent by the various tiers of government are outlined in the following table and graphs:

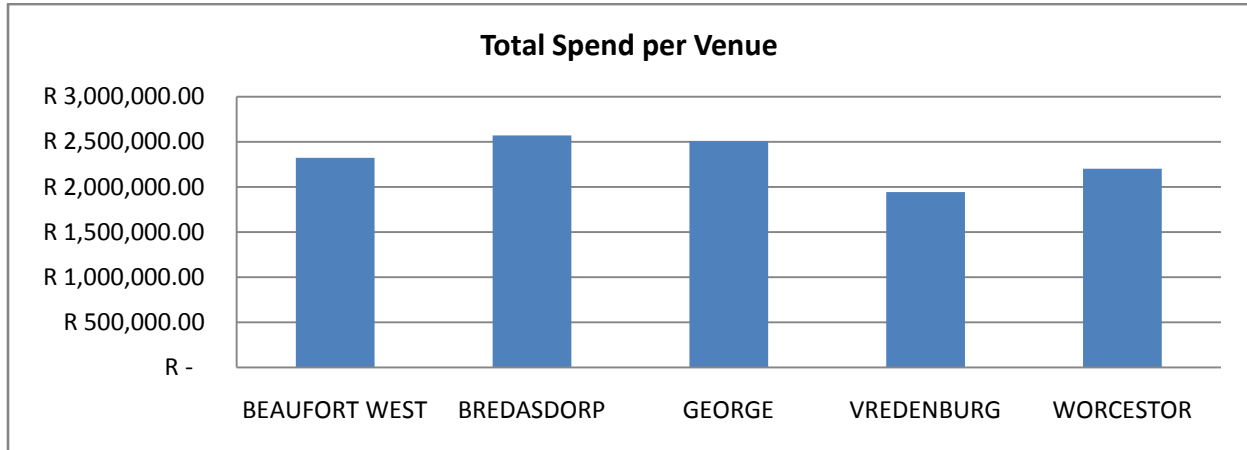


Figure 41: Total Spend per Venue

The figure above outlines the actual spend per Fanjol over the world cup period. The total spend for this period amounts to R11 551 616.20. As can be seen from the graph below this amount was relatively equally spent amongst the venues with Vredenburg spending the least (17% of the total) and George and Bredasdorp spending the most (22% each of the total spend). Note these spends included all contributions from, Provincial and Local Government Levels.

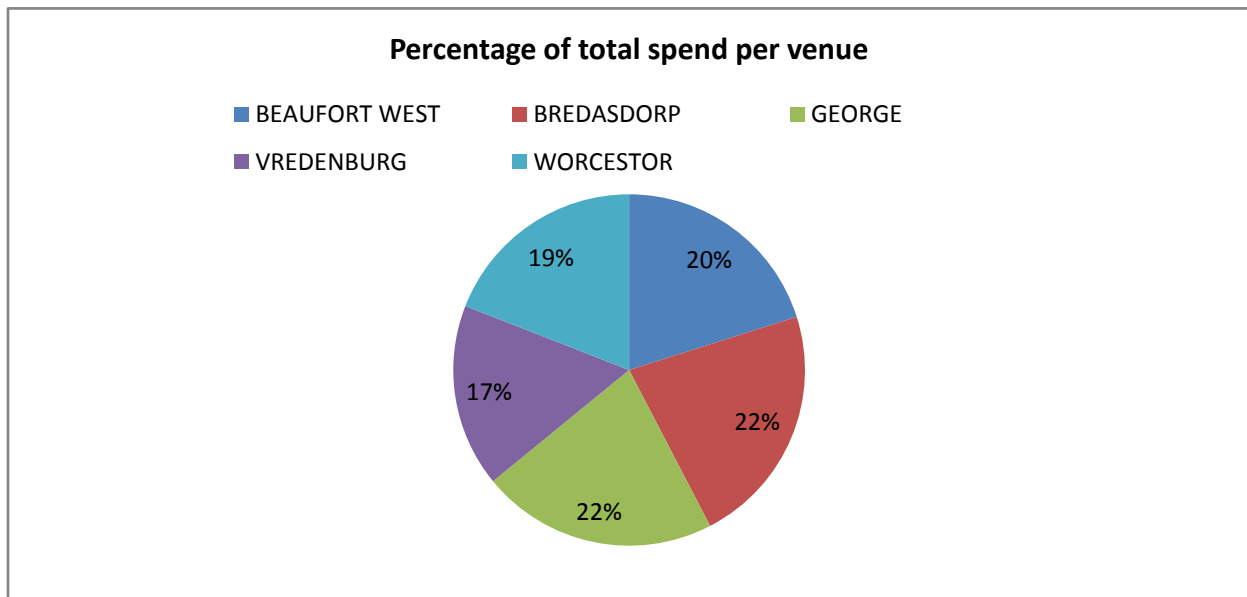


Figure 42: Spending Distribution

The Department of Cultural Affairs and Sport also spent a significant sum of money on various goods and services in the run-up to the Fanjols. The total amount spent by DACS was R3 907 056.77 this spending can be broken down as follows:

Table 1: List of procurements by DCAS

<b>Items bought before fanjols by PGWC</b>		
1	Ponchos	R 307,300.00
2	Printing of flyers	R 19,266.00
3	Stationery	R 6,781.07
4	Knockndrop flyers	R 22,572.00
5	Banners	R 318,945.00
6	Tumblers	R 47,100.00
7	Tracksuits	R 80,012.40
8	Inflatable football	R 13,700.00
9	VIP cards	R 3,990.00
10	Wrist bands	R 11,650.80
11	Rental of LED screens	R 2,266,320.00
12	Music rights license fee	R 85,500.00
13	VIP tickets	R 1,960.00
14	Jackets	R 63,745.00
15	Giant soccer balls	R 230,000.00
16	Inflatable arches	R 100,000.00
17	Nylon bags	R 17,500.00
18	Logos	R 14,400.00
19	Shirts, shoes, caps	R 296,314.50
	<b>Total</b>	<b>R 3,907,056.77</b>

It should also be noted that DCAS spent R1million in the run up to the Fanjols on the upgrading of the Vredenburg stadium area. In total these spends at each venue and by DCAS then total up to approximately R15 650 000.

The second aspect that needs to be considered in determining the overall economic impact of the Fanjols is the turnover produced by the vendors that sold goods during the Fanjols. From the analysis of the vendors (please refer to the M&E report on the vendors) the average turnover per vendor was estimated at R4 800. Given that there were approximately 15 vendors per Fanjol this translated into a total turnover for the vendors of approximately R360 000.

The total direct impact of the money spent by government in the run up and during the Fanjols and turnover generated by vendors is estimated at R16 010 000. Using a base multiplier of 2.5 (which is relatively conservative) this translates to an economy wide impact of R40 025 000.

## 5. CONCLUSION

There are six local districts within the Western Cape: The Metropole, Central Karoo, Overberg, Eden, West Coast, and the Cape Winelands (represented by Cape Town, Beaufort-West, Bredasdorp, George, Vredenburg and Worcester respectively). The aim of this report was to determine the economic and social impact of the Fanjols on vendors, the local community and, with special focus in this report, the service providers, across the five Western Cape districts beyond the Metropole.

This report indicates that the estimated national economy-wide impact of these five Fanjols amounted to R40,025,000. In addition, 18 of the service providers interviewed generated a return on investment of between 5.95 and 312.50 percent.

Financial information gathered from the budgets from different levels of government indicate that an estimated R15,650,000 was spent to equip, implement and manage the five venues. The department of Cultural Affairs and Sport contributed R3,907,057.77 before the games officially began and another R1,000,000 per venue. Together, provincial government and Local and district municipalities spent an estimated R6,742,942.23 on waste management, fencing, marquees and transport to advertising, insurance, emergency medical services, entertainment and service providers.

Furthermore, the average turnover of 24 vendors were interviewed across four of the five Fanjol areas (except for Beaufort-West) was R4,800. At a minimum, if there were 15 vender per area the estimated turnover generated would be R360,000 (please see report 2 for more details in this regard). Combining the total expense amount of the government structures and the total turnover generated by vendors gives an estimated total direct spend of R16,010,000, which is estimated to have a total economy wide impact of R40,025,000. This means that R24,015,000 would benefit agents other than those directly involved with the Fanjols.

Focusing on the economic impact on service providers specifically, survey information revealed that of the 18 service providers interviewed from the five Fanjol areas 84.21 percent were SMMEs and 42.11 percent were in business for one year or less, generating a total turnover of R2,932,046.67 and a total profit of R1,462,447.67.

Despite the lower than expected attendance levels (especially influenced by Bafana Bafana's elimination), local communities benefited beyond just being able to attend free match screenings on a big screen with fellow community members. Firstly, local musicians, performers and schoolchildren had the opportunity to entertain the crowds. Secondly, vendors and local retailers and wholesalers were able to generate an additional income during what is traditionally an off-season period. Lastly, the majority of service providers were SMMEs and given the profitability of all service providers involved with the Fanjols and feedback received from them i.e. ROI, all of those interviewed have benefited substantially from the experience.

## 6. RECOMMENDATIONS

The recommendations flowing from the results presented in this report can be grouped into two broad categories. The first is around the economic impact, while the second deals with the experience of the service providers and how this can be improved going forward.

With respect to the economic impact while it is pleasing to note that a considerable impact has been made on the local economies (R 16 Million direct and 24 Million indirect), the huge fluctuation in ROI's i.e. 5% to approximately 300% is an area of concern. The reason for this is that it means that in some cases excessive funds have been spent on procurement of services. If these funds were saved they could have been used to procure other services thus broadening the economic impact. Due to this finding it is recommended that with each of the major service costs a benchmarking exercise be undertaken to determine ranges that should be paid for the respective service.

With respect to the experience of the service providers a number of areas of improvement have been identified. From the results it was found that the main issues that were faced by the service providers were, delay in payment, lack of communication and feedback between organizers and service providers and problems with the tender process.

To avoid confusion about payments to be made to service providers or late payments, the payment schedules and dates can be pre-determined and agreed upon between the relevant parties. In doing so, the service providers will be able to submit receipts for payment on specified dates and the payments can be processed in a single batch. If payments are going to be made late it is necessary that this is communicated timorously.

The tender process needs to be clear and concise and communication between organizers and service providers is imperative for the success of any event. It is recommended that a support system be initiated to prepare and advise new service providers on financial planning and budgeting as well as the tender processes. The confusion about communication may have occurred due to the planning process and this would need to be addressed in future PVAs to allow service providers more time to prepare for the events.

## APPENDIX A

Interview/Meeting with Michael Worsnip:

1. Discuss the planning process and the aspects that worked well

Answer:

- Three years of intensive planning
- Success hinged on municipal buy in
- Political influence was very high, plum offering for people
- Municipalities provided an estimated number for attendance and so planning accommodated that total, eg. BW estimated 20 000
- 13 pilot fanjols were held before the WC fanjols
- One major problem was cost of service providers to project manage, the budget was 12mill, the lowest tender was 34mill and the highest was 60mill
- Had to do it themselves and five fanjols were planned in three months
- Strategies put in place to accommodate large numbers of children and 'lost' children at fanjols, provided entertainment and social services
- Municipal numbers were unrealistic and planning was scaled down
- BW complained about screen and new estimate of 8000

2. Numbers involved in fanjols

Answer:

- Municipalities were expected to secure own liquor licenses, beer tents and screens were provided by DCAS
- Bredasdorp used 53 people and had a great infrastructure
- The highest attendance figure for BW was 3000
- George was disappointing, expected about 10000 but highest figure between 5000-7000
- DCAS and municipalities were responsible for the success and planning of the fanjols

3. What worked well

Answer:

- Worcester- very successful, wanted to be successful, also very cooperative
- George- unfocused, political and vulnerable, problematic choice of venue, Rosemoore was a bad choice but Pacaltsdorp didn't want MTN, Thembaletu was ideal for location but had no real infrastructure

- Vredenburg-Lowville- upgrade stadium with 1mill from the department, area upgraded a week before the fanjol, no planning or district manager in place, Vredenburg now has a working stadium, walls, gates, lights, grassed area, caretaker's house. the stadium was originally built by the department
- Beaufort West- good venue, the only choice. Open air venues were chosen for security, disaster

Disaster management and police control, man power and access control, if there had been options of smaller venues they would have been utilised

4. Would a cordoned off area have worked, i.e. Long street

Answer:

- It was considered but it was a control issue for SAPS etc, the event needed to be in a controlled environment

5. Comments about venues:

Answer:

- Politics affected the attendance at BW, max attendance 3000
- Bredasdorp was an excellent venue, received an upgrade for the world cup, politics in sport are ghastly but it was better than expected

6. Should venue choices be left to the department

Answer:

- That would be political, DCAS is apolitical, the decision had to be made by the municipality who were responsible for getting people to attend fanjols
- Investigating things such as state of activities
- Transport issues
- Weather

7. Worcester were very involved, what was the catalyst for it, anything specific

Answer:

- All venues/towns lobbied for the fanjols but some choices were obvious such as BW and Vredenburg. Worcester was very involved; beat Paarl as the venue for the Winelands. George, Mossel Bay and Knysna were all contenders for the area, but the venue in George was the deciding factor

8. Should lobbying have been more concrete

Answer:

- Hermanus would have been an obvious choice but no amount of lobbying would have helped, the area is DA and Bredasdorp is ANC.
- There is no way to address the political maneuvering and self interest

9. What about execution within the department, gaps etc and positives

Answer:

- 2010 unit was appointed but not wanted by sports directorate, very complicated, sidelined by the sports directorate
- Changed when crisis hit, SD gave generous support and World cup aid
- It worked well and had cooperation, without them the fanjols would not have happened
- However the separation from them, meant more freedom of choice

10. What worked well in the department and fanjols

Answer:

- Did spectacularly well across the board, worked well together, no politics, no posturing, no positioning
- Produced what was planned, 5 fanjols, good infrastructure and planning
- Cannot produce people and numbers for the fanjols
- Marketing was a weakness, DCAS provided posters but the municipality was responsible for distribution, also fanjol news was printed and never distributed
- The use of the local radio station in Worcester was their municipality
- No provincial advertising, restricted by the premier, no advertising besides jobs



11. Do you think incentives would have worked with attendance

Answer:

- Not allowed by FIFA rules
- Had soup kitchens for children
- MTN and coke gave away freebies
- Can't say the cold kept people away- Worcester had snow
- Bad decision for dept not to buy the liquor license
- Good decision to use local entertainment
- Never thought that people would leave when soccer started, novelty wore off because of rain and comfort levels
- Standard budgets for each venue, 1 million from DCAS, additional to come from local and district municipality
- George and BW most expensive- costs more for workforce and municipalities
- Municipalities had the choice to shut down the fanjols not DCAS, there was a deliberate waste of resources

12. Should there have been criteria for closure

Answer:

- In hindsight yes, but the low numbers were not expected
- If recommendations are added for this, the political interests would not allow it