

## **TWO OCEANS MARATHON NPC 11<sup>th</sup> ANNUAL GENERAL MEETING (AGM), TOM NPC BOARD REPORT FOR 2019/2020**

**25 November 2020**

It is our privilege to present the Board Report for the 11<sup>th</sup> Annual General Meeting of the Two Oceans Marathon NPC, as the current TOM NPC Directors:

Mr. Rodney Maharage  
Mr. Safwaan Lewis  
Mr. William Swartbooi  
Mr. Lionel Samuels  
Mr. Hilton Kearns

Mr. Tim Jobson  
Mr. Graham Bentz  
Ms. Thozama Koli  
Mr. Allan Ryninks  
Mr. Barry Matthew

The following Directors, nominated at the 2019 TOM NPC AGM, resigned from the TOM NPC Board before the end of their tenure:

*Mr. Erwin Rencken, Mr. Lester Cameron, Mr. Andrew Smith, Ms. Jen Skordis, Mr. Paul Murphy*

On behalf of the TOM NPC Board, we wish to thank them for their contribution during their period as Board Members of the TOM NPC.

WPA representative, Mr. Allen Barnes has been unavailable since January 2020, and has been formally removed from the TOM NPC Board.

### **The 51<sup>st</sup> Two Oceans Marathon**

In the lead-up to the 2020 Two Oceans Marathon, we launched a refreshed Brand Identity and positioning, heralding a new era for the Two Oceans Marathon.

Our new logo was unveiled on 20 February 2020 – 50 days ahead of our 51<sup>st</sup> Two Oceans Marathon, and celebrated what is globally iconic about the Two Oceans Marathon, the invigorating view of the oceans, the breath-taking sunrise that greets you on a clear day, and the majestic Table Mountain range that embraces you as you reach the finish line.

We were thrilled at the positive response from both stakeholders and runners, when our TOM 2020 T-shirt range was revealed later. We are proud to have contributed to the Western Cape economy in an ever-increasingly tangible way, through the local production and manufacture of our TOM 2020 apparel. A total of R4 694 242.50 was spent on procuring and manufacturing these locally designed and produced TOM 2020 apparel.

We could not have imagined or foreseen the extent to which the global Coronavirus pandemic would highlight the need to invest, procure and shop locally for each of us; and TOM is proud to have led

the way. We hope to continue making a measurable impact and playing our part to support local business in an inclusive way. Supporting the rebuilding of the economy in the Western Cape region is part of our revamped brand and focused marketing efforts.

### **Change to the Ballot System for the Ultra Marathon for the First Time**

The change to the ballot system for the Ultra Marathon was the most significant change to the entry process. In 2019, the demand for Ultra Marathon entries exceeded supply on a scale that led to Ultra Marathon entries selling out in under six hours.

In line with international best practice, the switch to the ballot for the Ultra Marathon was implemented to ensure equal opportunity for all who submitted an entry application.

This decision was met with a mixture of anxiety and support; but also a great amount of displeasure from runners who risked not getting one of the limited entries. This was to be understood. However, it remains a more equitable process compared to the 'first come, first served' scenarios of the past. We affirm our intention to adhere to the ballot system, to give runners a smoother, more inclusive, fairer and audited process.

The Ultra ballot entry process comprised two draws:

1. The first Ultra Marathon draw was weighted in favour of runners who had attained 7 or more TOM Ultra Marathon medals.
2. The second draw was for everyone else who wished to enter.

The special 'pre-entry'; first come, first served window period for Blue Number Club and Yellow Number runners remained unchanged. This enabled the valued BNC members in our TOM runner community to enjoy priority entry, as was the case in previous years.

There was again high demand for entries to TOM 2020 and both the Ultra and Half marathon were over-subscribed, indicating that the ballot system was indeed required.

### **New Ultra-Marathon Route**

In December 2019, the City of Cape Town Disaster Management and Traffic Management officials highlighted the dangers associated with the congestion on the Main Road towards Muizenberg and issued a directive that TOM consider significant logistical changes to mitigate the risk to the runners and residents, as well as commuters.

Following high-level engagements with the TOM Route Planning and Traffic Management teams, various options were explored including the erection of a pedestrian bridge over the busy Muizenberg Main Road section. However, given the volume of runners expected along that stretch, within 10 km from the start, the City officials were not open to considering any proposal that required the use of the Main Road between Wynberg and Muizenberg.

TOM collaborated with the relevant city authorities and all stakeholders to find a workable solution to mitigate any risk to the runners and a decision to divert the Ultra Marathon route onto the M3 between Claremont and Muizenberg was the only available option that met the safety requirements of the City of Cape Town.

The new route added approximately two kilometres to the Ultra Marathon, as omitting 'Chappies', the most iconic section of TOM Ultra-Marathon Route, could not be contemplated.

The new route required a revised medical plan and additional medical resources and infrastructure, at an additional cost to TOM which was prepared and reviewed.

### **IAU Gold Label Status**

In line with IAU rules, the Label Application is submitted to the IAU annually, and subject to specific criteria being met, a Label Status (Gold, Silver, and Bronze) is awarded to the event.

The TOM NPC was pleased to have been awarded Gold Label Status by the International Association of Ultra-Runners (IAU) on 27 February 2020.

### **TOM 2020 Race Readiness**

By early February 2020, Two Oceans Marathon 2020 race preparations were on track for the opening of the Expo and Race Registration on Wednesday 8 April; the TOM Trail Runs and International Friendship Run on Friday 10 April and the Ultra and Half Marathon on Saturday 11 April.

The live SABC broadcast of the event had been confirmed and operational, media and marketing campaigns were well advanced when the SABC production crew conducted a route recce and planning meetings with the Two Oceans Marathon team on Thursday 6 February, to discuss logistics around the broadcast.

Plans for the 2020 Race Registration and Expo, to be held at CTICC, were finalised and over 100 exhibitors had signed up to participate in the highly popular showcase.

### **Club Training Runs**

As part of the build up to TOM 2020, a series of 6 training runs were held in partnership with local clubs, which have become very popular among club runners. With marketing and logistic support provided by the TOM team, four training runs were held in Cape Town, with a training run organised in Pretoria and Durban respectively.

## **The Global Coronavirus Pandemic Forces the Cancellation of the TOM 2020 Event**

The rapid spread of the Coronavirus internationally raised safety alert levels for the TOM NPC and a number of high-level meetings were held with the City of Cape Town Disaster Management, Event Venues and the TOM 2020-appointed medical team.

The first Coronavirus case was recorded in South Africa on 5 March 2020, and the focus of the planning turned to risk mitigation and ensuring the safety of all involved in the Two Oceans Marathon 2020.

A number of crisis meetings and engagements with the City officials, Medical Team, regional and national Tourism Departments, public health experts, as well as event venues, were held to discuss the growing global crisis. With over 3 000 international runners expected to participate in the 2020 event along with over 25 000 participants from South Africa and other African countries, the Two Oceans Marathon presented a huge risk to the health and safety of the runners, spectators, sponsors, exhibitors, suppliers and service providers and all their staff.

The TOM NPC Board made the difficult decision at an Emergency Board Meeting held on Saturday 14 March 2020, to cancel the TOM 2020 event following consultation with Western Province Athletics, our partners and sponsors.

An official media statement confirming the cancellation of the 2020 Two Oceans Marathon was published on 15 March 2020. Direct communication was disseminated to the runners on the same day.

Although there was no other course of action that could have been taken at the time, the TOM NPC Board was acutely aware of the great disappointment which would be felt by the runners.

At the time of cancellation, a mere three weeks before the event, the TOM NPC had already paid for facilities, goods and services rendered at a cumulative cost of R9 756 454.00, excluding further payments committed to before Race Day.

This meant that we were not in a position to refund entry fees.

The commitment to refunding parking and medal engraving payments, and distributing TOM 2020 T-shirts which had been purchased commenced upon the re-opening of the TOM Office on Monday, 22 June 2020, when the Coronavirus Alert Level was lowered to the extent that we were able to resume our operations.

While the non-refund of the entry fee was not well-received by many runners, the decision was taken to safeguard the future of the Two Oceans Marathon event.

The TOM Office concluded negotiations with suppliers regarding contractual payments, where services that had yet to be rendered and were no longer required following the cancellation, and where appropriate, negotiated refunds of deposits paid.

As a board, we made a decision in principle to honour contracts with local suppliers for goods procured and in production at the time of cancellation, such as T-shirts, which have been distributed to runners, as well as medals and goodie bags, which will be carried over to TOM 2021.

TOM paid for the nation-wide distribution of the 2020 T-shirts. To date, the cost of distribution has amounted to R485 000.00. This was an unexpected cost, but a necessary one, which we did not wish to pass on to the runners.

### **TOM 2020 Sponsorship**

The annual direct financial budget of the 2020 Two Oceans was R28M. This excluded the value of in-kind contributions. The cancellation impacted on sponsors' opportunity to leverage their sponsorship rights across the event, specifically at the Expo, TOM functions and along the Route and at the Finish Village, as well with the online audience. With sponsorship funds withheld as a result of the cancellation, the TOM NPC received only 0,68% of sponsorship income which had been budgeted for in 2020. This was thanks to a sponsorship contribution of R191 250 from the Western Cape Government.

Despite fruitful engagement with potential new sponsors for TOM 2020, negotiations were placed on hold following the cancellation of the 2020 event. We are pleased that discussions have already resumed in light of a potential return to road-running events in 2021.

The global Coronavirus pandemic has had far-reaching impacts for the local economy, and with business taking a huge financial knock, brands will continue to be challenged on their marketing spend and substantial sponsorship investments in premier sports properties.

As sport events will continue to be impacted by the Coronavirus pandemic for the foreseeable future, non-profit organisations, including the TOM NPC have to review their business model and seek alternative ways to generate revenue to ensure their future sustainability.

Digital platforms will play an even bigger role in driving sports sponsorship in the long term, which will mean enhancing, and even reshaping sponsorship rights with various digital offerings beyond the event period.

### **Media and Communications**

The live SABC broadcast of the TOM 2020 event, as well as coverage of the Elite Athlete's Press Conference and other events during Race Week had been confirmed, following the SABC Production Briefing on 6 February 2020. Inserts which were to be aired during the live broadcast were already in production. This included interviews and inserts from past events, and TOM activities over the past year.

All TOM 2020 media elements were in place, including the Trade Exchange Agreement with the SABC and Good Hope FM as the TOM 2020 Official Radio Partner, broadcasting live from the Expo, Finish Line and Entertainment Oval.

The TOM 2020 Race Magazine content was subsequently published on the TOM website and social media.

### **Elite Athletes**

An overhauled Finish Line Protocol and Elite Athlete Media Protocol provided a clearer and more effective Elite Athlete Management plan for TOM 2020. The Elite Athlete Team Managers' Briefing was planned for Friday 10 April at The Cullinan Hotel at 3pm.

Understandably, many elite athlete managers closely watched developments around the Coronavirus pandemic, and African countries such as Kenya and Lesotho had also closed their borders early on, curtailing participation of elite athletes residing or training in these countries at the time.

### **TOM 2020 T-shirt Distribution**

The process of distributing T-shirts and/or complimentary buffs to some 28 000 runners nation-wide was a daunting logistical exercise, the bulk of which was completed in 10 weeks. Club runners received their T-shirts via their registered club at the time of entry, while Trail runners and temp-licensed runners received door-to-door deliveries. Clubs and runners residing in the Western Cape were invited to collect their items at the TOM office over a period of two weeks, and a strict Coronavirus Safety Plan was implemented to ensure the safety of the runners and the TOM staff.

### **Parking and Medal Engraving Refunds**

The TOM Board decision was taken to refund entrants for peripheral items purchased, such as parking and medal engraving. Runners were also given the option of donating these fees to any of the Two Oceans Marathon partner charities, or to TOMI (Two Oceans Marathon Initiative).

This process of contacting recipients to verify their banking detail proved to be difficult and time consuming.

To date, of the over R443 000 paid by runners for parking and medal engraving, TOM has refunded just under R94 000 to runners. Over R62 000 has been donated to charitable initiatives elected by the runners themselves.

The value of unclaimed refunds is R287 000 and will be added to the R62 000 to be distributed to the TOM 2020 charities after all avenues to contact unresponsive runners have been exhausted.

### **The Two Oceans Marathon Initiative, TOMI**

TOMI is the social impact arm of the TOM NPC that supports various social development and community programmes aligned to TOMI's key focus areas: Health, Education, Athletic Development and the Environment.

Runners continue to show their generosity and their donations to TOMI during the TOM2020 entry period, reached a total of R217 565, 30.

### **Two Oceans Marathon Office**

The TOM NPC office staff complement has been scaled down significantly, with only essential resources retained to ensure all matters relating to the 2020 event are concluded, and to commence planning of TOM 2021 events and campaigns.

The current TOM Office team of eight staff members oversee the management and administration of the Two Oceans Marathon, race operations management, finance and administration, marketing, communication, customer services and housekeeping.

Gary Sing was appointed to the role of Finance and Business Manager in March 2020, following the resignation of the previous Finance Manager in January 2020.

In October 2019, the TOM NPC Board took the decision to consolidate the responsibilities of race planning and management, marketing, sponsorship and stakeholder liaison and office management into a single role, as these were already being managed by Debra Barnes since the departure of the COO earlier that year.

As confirmed at the 2019 Annual General Meeting, the TOM NPC engaged the services of professional experts to provide specialist operational and technical services in the planning of the TOM 2020 event. These services, contracted for a period of 4-6 months, included Safety Compliance Management, Traffic Management Planning, Elite Athlete Management, and Expo and Hospitality Management at a cumulative cost of R389 329.46 of the total budgeted amount for these professional services.

All contracts with professional experts and short-term project managers were concluded within one month of the cancellation of TOM 2020. Temporary staff and contractors were released earlier than initially planned.

Following the installation of the IT infrastructure and networks, as well as security monitoring equipment, the Two Oceans Marathon team moved into 125 Main Road, Bergvliet in March 2020.

The TOM Office, which incorporates the Two Oceans Marathon Museum, is fully operational from Mondays to Fridays. TOM Memorabilia and archival material have been installed. Following the additional installations planned over the next few weeks, the Two Oceans Marathon Museum will be open to visitors, on a pre-booking basis, and in line with current Coronavirus safety protocols.

The Two Oceans Marathon property at 15 Torrens Road, Ottery, is currently being marketed for purchase and/or rental options.

## **Independent Investigation**

In January 2020, the TOM NPC Board took the decision to institute an independent investigation into the accusations of mismanagement levelled by former TOM NPC Board Member and former WPA and ASA President, Mr. James Evans, via a series of Open Letters sent to the TOM NPC Board which were widely published on social media and also reported in mainstream media.

The investigation spanned eight months and was concluded at a cost of nearly R500 000 to the TOM NPC. It was conducted by an external panel comprising PJ Veldhuizen, a practising attorney and founding partner at Gillan & Veldhuizen Inc., chartered accountant and registered auditor Kobus Nell, partner at PKF Constantia Valley Cape Town Inc., and Advocate and member of the Cape Bar, Craig Cutler.

This Independent Investigative Report has now been distributed to NPC Members, TOM Stakeholders, and the public.

The independent investigation consumed an inordinate amount of board members' time but ultimately little substance was derived from the plethora of allegations that had been levelled. Much of the time spent on the investigation is lost; time that could have been better spent on investigating and deliberating on options for TOM 2021 event.

## **Other Legal Matters**

In addition to the allegations and legal action threatened by Mr James Evans resulting in the Independent Investigation being commissioned, the TOM NPC was actively engaged in other matters involving actual or potential litigation.

**Civil court matter** – Ms Sue Ulyett launched a civil action against Two Oceans Marathon for an amount of R3 000. According to Ms Ulyett, this was in lieu of services rendered by her as Elite Athlete Manager over and above her agreed contractual amount, during the TOM 2019 event, but not subsequently paid by Two Oceans Marathon. Two Oceans Marathon contended that it had paid the claimant the full amount owing to her in terms of the Service Level Agreement between the parties. The court ruled in favour of TOM. Also noted by TOM, but not litigated, was the matter of a defamatory Tweet against TOM by the claimant in contravention of the said Service Level Agreement.

**Criminal court matter** – A case of fraud is being investigated against Mrs Cindy Low regarding the alleged fraudulent use of Pick n Pay vouchers which had been allocated for the purpose of purchasing meal packs for staff working on TOM 2019. The matter has not yet been resolved.

In a separate dispute, Granite Events Management, as owned and represented by Mrs Low, was contracted to provide operational support services during the TOM 2019 event, procured goods and services in excess of R500 000 from various suppliers known to her, including her own businesses, without the requisite authority to do so on behalf of TOM.



The TOM NPC views these payments as unauthorised expenditure, given that none of these payments were made in compliance with TOM Financial Procedures and in line with the company's authorisation processes, as required by the then COO, Mrs Sue Forge.

With further investigation revealing serious procedural flaws, the TOM NPC can confirm that this matter is still being investigated.

### **TOM 2021 brings new opportunities**

As we approach the end of this year, we are pleased to confirm that planning for the Two Oceans Marathon 2021 is well underway.

That said, planning for TOM 2021 is happening in a changing space. As at the date of this report, a ministerial injunction allows timed races but for a maximum of 500 people.

While we are hoping things will continue to improve, so we can consider a larger race contingent, we need to remain cognisant of the safety of runners and the possibility of runners being exposed to Covid-19. In addition, there is the reality that for many runners, the opportunities to run competitively have been curtailed and consequently, the qualifying window period has been drastically impacted.

This, along with the number of COVID-19 cases in South Africa showing an upward trend, adds to the uncertainty that prevails around the Two Oceans Marathon event in April 2021.

While 2020 brought with it unprecedented challenges for the Two Oceans Marathon, the TOM NPC and other partners and suppliers will no doubt embrace new opportunities and incorporate exciting innovations to the event offering to ensure runners continue to experience the world's most beautiful marathon in a safe environment for years to come.

We express our great appreciation to the following outgoing Directors for their contribution to upholding the ethos and values of the Two Oceans Marathon:

Mr Rodney Maharage, Mr. Tim Jobson, Mr. Lionel Samuels, and Mr. Allan Ryninks.

We have no doubt that the TOM NPC will continue to reap the benefits of your invaluable expertise and experience well into the future.

### **Nominations to the position of Director on the TOM NPC Board**

As we bid farewell to outgoing directors, we look forward to welcoming the energetic and enthusiastic incoming directors to the TOM NPC Board.

As Founding Members of the TOM NPC, both Celtic Harriers Club and Western Province Athletics are entitled to nominate four directors each. At the time of compiling this report, Celtic Harriers had handed in their nominations, while Western Province Athletics had confirmed one nomination for the 2020/2021 year.

Members attending the **11<sup>th</sup> Annual General Meeting** will be required to cast their votes to fill three (3) vacancies on the TOM NPC Board, from the following nominations received:

- Mr. Allan Ryninks
- Mr. Awie de Swardt
- Dr. Bertus Le Roux
- Ms. Elizabeth Short
- Mr. James Evans
- Dr. Neil Garrod
- Ms. Sue Ulyett
- Mr. William Swartbooi

## **Conclusion**

Despite the challenges presented by the Coronavirus pandemic and the subsequent cancellation of the 2020 event, the Two Oceans Marathon remains financially on a good footing. This is mostly due to the conservative fiscal approach adopted by the TOM NPC Board and the stringent fiscal policy applied over the last few years. We believe that in the current environment, it would be prudent to continue in this manner for the foreseeable future in order to ensure the sustainability of the race.

The TOM NPC Board remains committed to transformation, transparency and good governance across all facets of the organisation. While we have made progress over the past few years, the TOM NPC Board also acknowledges its responsibility to continue to pursue greater demographic representation at every level and to entrench broad-based economic empowerment as a cornerstone of the organisation.

On behalf of the Two Oceans Marathon NPC Board, we wish to thank our partners, the Western Cape Government, Department of the Premier, Department of Cultural Affairs & Sport, Wesgro, the City of Cape Town, Athletics South Africa, Western Province Athletics, our sponsors Astron Energy, Coca-Cola South Africa, Peninsula Beverages and Tsogo Sun, as well as the TOM Management and Staff, our service providers, clubs and runners for their ongoing support over the years, and especially during this period, one of the most challenging times in the history of the race.

Our most unreserved thanks goes to our runners and all our partners, who have had to deal with both the disappointment and losses brought about by the cancellation of TOM 2020 and the challenges of the Coronavirus pandemic.

To the office staff led by race director Debra Barnes, our heartfelt thanks to you as well for staying the course in a tough year.

While the TOM 2021 Race Plan remains subject to the guidelines determined by government regulations and operational guidelines set out by the local authorities around the Coronavirus



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pandemic, we remain committed to doing everything possible to continue to deliver outstanding world-class TOM events well into the future.

The Two Oceans Marathon NPC Board.