**1. Report of the Portfolio Committee on Sport and Recreation on Budget Vote 40: Sport and Recreation South Africa, dated 20 April 2016**

The Portfolio Committee on Sport and Recreation, having considered Budget Vote 40: Sport and Recreation South Africa, reports as follows:

1. **Introduction**

The Minister of Sport and Recreation tabled the Annual Performance Plan of the Department of Sport and Recreation South Africa for 2016-17, the Annual Performance Plan of the South African Institute for Drug-Free Sport for 2013 – 2018, the Strategic Plan of Boxing South Africa for 2015-16 – 2019-20, the and Annual Performance Plan of Boxing South Africa for 2016-17 in March 2016, and there was no change to the strategic plans of the entities. The budgets tabled indicate that the entities have considered the contribution of Sport and Recreation in giving effect to the National Development Plan (NDP), where sport contributes to attaining Outcome 14 in promoting social cohesion throughout society. The department has developed the National Sport and Recreation Plan (NSRP) as a guiding policy to ensure that it gives effect to the goals contained in the NDP. The Government programme of action is captured in the Medium-term Strategic Framework (MTSF), where these priorities are outlined. The MTSF serves as a 2014-19 government strategic plan and requires that all government departments and entities develop their policies to ensure that they address the strategic outcomes of the 2014-19 MTSF.

Steps the department has taken to promote social cohesion within the MTSF include:

* Promoting participation in sport and recreation
* Advocating transformation in sport and recreation
* Developing talented athletes by providing them with opportunities to excel
* Supporting high-performance athletes to achieve success in international sport

The department and Boxing SA (BSA) and the South African Institute for Drug-Free Sport (SAIDS), the entities reporting to the minister of Sport and Recreation, work in an environment that has experienced significant negative economic changes. The economic growth forecast has been revised to 0.9% in 2016 - considerably lower than the 5% required by the NDP in 2019. Other effects in the economy include the weakened rand against most currencies, the depression in commodity prices, poor mining and manufacturing outputs and a slowdown in exports as a result of lower demands from major trading partners.

The Government has also had to reconsider its priorities during the medium term in response to emerging challenges caused by the #FeesMustFall protest action, the unprecedented drought and the sharp decline of the rand in December 2015, which led to the decision to cut personnel-related expenditure by R25 billion over the next three years. The SRSA consequently had to cut its staff compensation cost by R8.3 million in the 2016-17 financial year.

There is more reason now for BSA and SAIDS to ensure that they avoid at all cost the irregular expenditure that had occurred in past years. Drastic action is required to ensure that they use their resources efficiently and effectively and that effective control systems are in place to ensure good governance.

1. **Overview of Annual Performance Plans**

**2.1. Sport and Recreation SA (SRSA)**

The 2016-17 Annual Performance Plan (APP) of SRSA outlines the policy priorities that the department intends to implement in line with the NSRP and in pursuit of the broader goal in the NDP. This year the department is preparing for the hosting of the 2022 Commonwealth Games in Durban, and Team SA will also be participating at the Rio 2016 Olympic Games. The success of Team SA in the Olympic Games is key to realising the NDP goal of promoting social cohesion, because it will result in boosting the collective national pride of citizens.

South Africa plays a leading role in international projects and is guided by the relevant UN policy documents for the Sport and Recreation sector. Its contributions to UNESCO, the UN Sport Development and Peace International Working Group, the UNESCO Conference of parties to the International Convention against Doping in Sport, the African Union, AU Sport Council Sport Development Region 5 and the World Anti-doping Agency (WADA) have been high on the national agenda. It is important that South Africa, as signatory, complies with these policy directives, and it is therefore imperative that adequate resources are allocated properly.

A total allocation of R1.028.6 billion has been made available for SRSA during the 2016-17 and this will increase to R1.075.0 billion in the 2017-18 financial year. The department intends to allocate R2.1 billion over the medium term to the Active Nation programme, which will account for 64% of the department's total expenditure over the medium term. This support by the department to this programme is meant to provide citizens with access to sport and recreation activities through mass participation in sport and recreation.

**2.2. Boxing SA**

The Boxing SA strategic plan has also not changed and the 2016-17 APP targets have remained the same for the year. There has been progress in filling key vacant posts, and the appointment of the chief financial officer (CFO) and the process of recruiting a chief executive officer (CEO) are in the final stages. The committee expects that all the vacancies will be filled by the end of the financial year. An allocation of R11.1 million has been apportioned to Boxing SA in the 2016-17 financial year. The total budget will be R13.5 million for 2016-17, where Boxing SA is expected to raise its own revenue to make up for the difference. The main focus of the Boxing programmes is on improving governance and administration, Boxing Development and Boxing Promotion.

Boxing has been operating largely with limited funding, whereby more than 60% of its budget would go to administration as opposed to programmes. This has been largely to due to the previous legal challenges it had faced relating to the broadcasting rights, which is the main source of funding in the sport. This matter has been resolved and Boxing SA has entered into an agreement with SABC to broadcast boxing.

**2.3. SAIDS**

During the 2016-17 financial year SAIDS will be allocated R21.8 million to implement its programmes. The total budget for the entity for the 2016-17 financial year will be R27.8 million. The difference will be made up through an additional R3 million from the national lottery and other revenue sources. The funds will be spent within the three core pillars of support, namely Administration, Deterrence and Education. These pillars will be measured through the implementation of the 9 key performance areas.

1. **Strategic Priorities and Measurable Objectives of the Department of Sport and Recreation**

**3.1. Overview of strategic goals**

The department did not table a new strategic plan for 2016-21, as they are in the third year of implementing their plan, however, they revised the targets to the 5-year strategic plan. These changes are meant to improve the target and indicators, with the view to ensuring that others adhere to the SMART principle. The goal statement for Strategic Goal number two, which refers to the mass participation and sport development grant, has been changed as follows: ''foster transformation within the sport and recreation sector such that selected national federations achieve their transformation commitments by 2020”. This will translate into a more accurate setting of the strategic objective, which has been adjusted to “Transformation of South African Sport adequately addressed”.

A number of strategic objectives have also been adjusted to suit the current challenges, including a revision of the targets due to austerity measures. In the revised target the number of events have been reduced from 25 to 18 due to budget cuts in the 2016-17 financial year. SRSA has indicated that, because of the austerity measures, there was a need to reduce the number of events without necessarily doing away with them completely. Other events have just been scaled down to reduce costs, whereas the strategic objective related to the support given to the school sport programme has been revised from an increase in the number of learners participating to one where maintaining the school sport framework counts more. The same principle of changing from number to maintaining the framework occurred to the strategic objective statement on financial and non-financial support given to national federations.

1. **Key Projects**

SRSA has identified the following key projects for the 2016-17 financial year:

* Ministerial Advisory Committee on Recreation
* Single governance framework for Recreation
* Grant Framework & Annual Evaluation Report
* Active recreation policy
* School sport policy
* Community sport/hubs/clubs/ Ministerial Outreach
* Rural Sport Improvement Programme
* Sport in schools
* UNITE campaign
* Lovelife
* Club Development
* National Sport Volunteer Corps Programme
* National Youth Camp
* Big Walk
* Annual National Recreation Day
* Indigenous Games Festival
* Andrew Mlangeni Golf Development Day
* Nelson Mandela Sports and Culture Day
* National School Sport Championships

Cancelled events:

* Move for Health
* Golden Games

1. **Budget Analysis**

The past year showed a deterioration of the global economy and the downgrading of South Africa's credit rating, resulting in the South African Reserve Bank projecting the economic growth at just below 1% for the 2016-17 financial year. The situation has shown a decline in confidence and some retreat of capital. These are tough challenges for our economy that would require serious adjustment for the national fiscus.

A pre-budget analysis by the Parliamentary Budget Office enabled the committee to get a sense of the state of the economy and fiscal affairs. The Minister of Finance had called on all to find common ground by taking bold and decisive steps of leadership through a shared vision and common purpose.

Such actions are intended for all to ensure that:

* We manage our finances in prudent and sustainable way
* We re-ignite the confidence and mobilise the resources of all social partners
* We collectively invest more in infrastructure to increase potential growth
* We give hope to the youth through training and economic opportunities
* Protect South Africa from the effects of drought
* We continuously improve our education and health systems
* Accelerate transformation towards an inclusive economy and participation by all
* We strengthen social solidarity and extend out social safety net.

Indeed there are tough times ahead and SRSA has as much the responsibility to heed this call whilst also responding to the expectations of the citizens and communities for increased access to sport and recreation opportunities, which is transformed and of good quality service. The 2016-17 APP for SRSA has sought to respond to this challenge of slow economic growth and increased demand of sport and recreation opportunities by prioritising its key deliverable outcomes.

The Auditor-General of South Africa (AGSA) was able to provide information related to the interim review of the 2016-17 APP of SRSA to ensure that it is properly aligned to its core mandate and the NDP, and to assess the measurability and relevance of the indicators and targets planned for selected programmes. It should be borne in mind that the 2016-17 APP is aligned to the NDP and gives effect to the 2014-19 MTSF.

The 2015-20 SRSA Strategic plan remains unchanged and the 2016-17 APP is guided by the NSRP and is an expression of the strategic outcomes in the strategic plan. It is therefore important that the department, as it aligns and sets out its plans for the year, considers economic situation, and ensures that plans are relevant and can be properly measured.

The NSRP offers a firm recognition for sport as an important tool to promote wellness and social cohesion. Section two of the NSRP explains the role of using sport as a tool to support and achieve a diverse range of national and global priorities, including its contribution to the economy, with the following strategic objective:

* To use sport as a medium to attract tourists to South Africa;
* To use sport and recreation as a mechanism for achieving peace and development;
* To ensure that participation in sport and recreation activities is conducted in an environmentally sustainable manner and to use sport as a tool for communicating environmental messages and encouraging actions to clean up the environment;
* To capitalise on the numerous benefits derived from participating in sport and recreation as a mechanism towards achieving and supporting the priorities of the Government, which include:
  + To build the sport economy to effectively contribute to shared economic growth and development in South Africa, including through the creation of decent work;
  + To use sport and recreation as a medium for building social cohesion and sustainable communities;
  + To use sport and recreation as a medium of building a healthy nation.

To achieve this, the 2016-17 APP should be well drafted to respond to the economic conditions and the NSRP mandate.

For the 2016-17 financial year, the interim review report of the AGSA had identified that some of SRSA’s indicators for Active Nation and Winning Nation were not well defined, because they were not clear in terms of what support they would offer to institutions, and therefore could be properly measured. These indicators include the number of athletes supported through academies, the number of international events receiving intergovernmental support, the number of academies supported and the number of drug-free agencies supported.

Since the adoption of the NSRP in May 2012 SRSA has achieved only 23% of the NSRP strategic objectives, and indicated that a further 40% has been achieved partially. The slow progress in implementing the NSRP in full has been attributed largely to the unavailability of funds. This has necessitated SRSA to implement the NSRP in stages and to reprioritise focus areas. In addition, SRSA has identified a need to consider alternative revenue streams, such as a sport ticket levy and the re-allocation of the 15% P Component of the Municipal Infrastructure Grant (MIG) funding to the department.

For the 2016-17 financial year SRSA has been allocated R1.028 billion, up from R979 million that was allocated in the 2015-16 financial year. In terms of Schedule 5 of the Constitution of the Republic of South Africa, 1996, sport is a provincial competence, which is why 73.2% of the budget allocated is spent on transfers and subsidies, 26.6% current payments and 0.2% on payments for capital assets.

Drastic measures have been implemented in this financial year to ensure effective and efficient usage of the allocated funds. Measures include the reduction of participants in the national school sports championship to 7500 per year by reducing the age categories per sporting code and raising R6.2 million over the MTEF period for the management and preparation of the Commonwealth Games through cost saving measures across various programmes. SRSA will also seek to reduce its budget for the compensation of employees by R8.3 million in the 2017-18 financial year and R13.3 million in the 2018-19 financial year, and for goods and services where R194 000 will be reduced in the2016-17 financial year and R4 million and R5.3 million in the 2017-18 and 2018-19 financial years respectively.

SRSA will have to also apply serious measures to critical aspects that may impact on its business. These include the stringent application of the bidding and hosting international events regulations to ensure that organisers comply with procedures before they are eligible for authorisation to host any international event. A serious consideration to address the allocation of resources in terms of the equitable share is being sought through MinMEC, which will also address punitive measures for provinces that are not able to comply.

The 2016-17 APP is also being implemented at an opportune moment when there is some positive news. In this Olympic year Team SA will participate in the 2016 Rio Olympic Games. SRSA has set a target of 8 medals for Team SA, and will work closely with SASCOC to deliver Team SA. R29.5 million has been set aside for SASCOC over the MTEF period. South Africa is also preparing to host the 2022 Commonwealth Games in Durban and preparations will be continuing in that regard. National Treasury has agreed to give SRSA an additional R6 million for its infrastructure support programme, to allow it to be properly capacitated to deliver the infrastructure support programme with the provinces and municipalities. A major step in that regard is the decision by National Treasury to give SRSA a chance to determine allocations of R300 million of the P Component of the MIG, outside the formula, in the 2016-17 financial year. The procurement of services relating to this amount will be done in collaboration with the Department of Cooperative Governance and Traditional Affairs (Cogta).

1. **2016-17 SRSA Budget Analysis per Programme**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Programme** | **Audited Expenditure** | **Audited Expenditure** | **Revised Estimate** | **Medium-term Expenditure Estimate** |
| **R million** | **2013-14** | **2014-15** | **2015-16** | **2016-17** |
| Administration | 114.6 | 105.1 | 119.9 | 134.9 |
| Active Nation | 607.6 | 624.7 | 627.5 | 648.7 |
| Winning Nation | 231.4 | 83.1 | 76.0 | 91.1 |
| Sport Support | 115.8 | 148.8 | 148.5 | 137.6 |
| Infrastructure Support | 9.3 | 4.9 | 7.4 | 16.3 |
| **Total** | **1,073.8** | **966.8** | **979.4** | **1,028.6** |

Table 1: SRSA 2016-17 budget per programme

Source: ENE (2016) and SRSA 2016-17 APP

The department has a total budget of R1 028.6 billion to spend for the 2016-17 financial year. The budget is allocated to five programmes of the department to ensure practical implementation of the department's plans. The department has allocated 64% towards the Active Nation Programme, emphasising the critical importance of the programme with the primary mandate of providing opportunities for mass participation in sport and recreation. A further 13% has been allocated to Sport Support, of which a large portion will be transferred towards national federations. An additional R6 million was allocated to the Infrastructure Support programme, a notable increase in the budget, owing to the increased mandate of the programme.

As per the economic classification of the 2016-17 financial year, R749.8 million (73.3%) has been set aside for transfers and subsidies to provinces and municipalities, departmental entities and NGOs such as loveLife and The Sports Trust, including national federations. A further R276.6 million (26.5%) has been set aside for current payments, which includes compensation of employees (R108.6 million) and goods and services (R168 million). This essentially means that SRSA is reliant on the provinces, federations and entities for implementation of its programmes, since they are the largest recipients of the allocated funds.

* 1. **Programme 1: Administration**

The allocation to Programme 1: Administration accounts for 13.1% of the total departmental budget. This programme has seen a 16.9% increase of budget allocated to it, from R115.5 million in the 2015-16 financial year to R134.9 million in the 2016-17 financial year. The purpose of this programme is to provide strategic leadership, management and support services to the department. It is able to perform these duties through the creation of its six sub-programmes, namely:

* Ministry
* Management
* Strategic support
* Corporate Services
* Office of the Chief Financial Officer
* Office Accommodation

The administration programme, therefore has a task of achieving the following targets during the 2016-17 financial year:

* 100% moderation of performance assessment that were concluded for previous cycle by the end of the following financial year
* Train 60 employees
* Conduct 1 client satisfaction survey
* Pay creditors in 30 days

It is worth noting that the Administration programme has allocated R132.6 million (98.2%) of its 2016-17 budget towards current payments in order to meet its obligations for compensation of employees (R77.2 million) and goods and services (R55.4 million). This essentially implies that little remains for implementing programmes, since about R2.2 million (1.7%) is allocated to payments for capital expenditure.

It is important to highlight that each sub-programme under the Administration Programme is set out to achieve a specific outcome, which should be measured as per SMART principles and is also relevant to the mandate of the department. The sub-programmes achieve the objectives through other programmes that have allocated resources to implement the NDP through the NSRP. It would be important that each of the six sub-programmes can be measured through key performance areas to ensure that the allocated resources per sub-programme derive value for money.

The performance of the department is measured in terms of the Management Performance Assessment Tool (MPAT) developed by the Department of Monitoring and Evaluation. The sub-programme Ministry is supported by the department, and the minister’s mandate and performance is monitored and evaluated by the President, and this will include their political programme within the department. The department is therefore expected to allocate resources to the Ministry to allow the minister to discharge his political responsibilities. SRSA will continue to work towards improving its 2014-15 score of 2.6 by implementing the improvement plans determined by the Department of Monitoring and Evaluation.

The minister’s travel and accommodation are processed by the Presidency after a stringent process of ensuring fit for purpose and alignment to the mandate and strategic objectives of the department. Only after approval has been granted is the department, as a cost centre for the Ministry, tasked with ensuring that cost containment measures are complied with. In order to accommodate the cost containment measures, the Minister of Finance has requested all departments to adhere to the national travel and accommodation policy and the instructions on conference costs. It is expected that SRSA will adhere to the policy as prescribed by the National Treasury.

Boxing SA will be supported by the internal audit function of SRSA, and the portfolio committee has advised SRSA that, whilst it supports the assistance that SRSA is providing to Boxing SA, this should not compromise its oversight function over the entity and weaken its own governance control processes.

The mandate of the Strategic Support sub-programme is becoming increasingly important for directing and monitoring the programmes towards ensuring that the department is able to achieve the goals of the National Sport and Recreation Plan, therefore the department is required to strengthen its internal capacity for this purpose.

Corporate services needs to be strengthened as well in order to become effective. During the past three years the department has been reviewing bills critical to the delivery of SRSA mandate. The 2016-17 APP indicates that the bills would be submitted to Cabinet for approval during the financial year, that amendments to the Hosting and Bidding for Major International Events Regulations would be finalised and that regulations in terms of the Safety at Sports and Recreational Events Act (Sasrea), Act 2 of 2010, would be promulgated in the 2016-17 financial year.

When it comes to fleet, facilities and security management, the department has replaced the VIP Protection vehicles in Cape Town with vehicles obtained from the Government Garage (GG) instead of the traditionally SRSA-owned vehicles. The same principle would be applied to vehicles in Pretoria, depending on mileage and condition. As indicated in the cost-containment measures, it would be expected that SRSA would also ensure that they follow the new guidelines to limit the value of vehicle purchases for political office bearers.

* 1. **Programme 2: Active Nation**

SRSA has allocated R648.7 million (63%) to the Active Nation programme in the 2016-17 financial year, up from R629.0 million that was allocated in the 2015-16 financial year. Approximately R594.2 million (91.4%) is set aside for transfers and subsidies and R54.5 million (8.6%) for compensation of employees. The purpose of Active Nation is to support the provision of mass participation opportunities in sport and recreation. Five sub-programmes are tasked with implementation of mechanisms to realise this purpose, namely:

* Programme Management: Active Nation
* Active Recreation
* Community Sport
* School Sport
* Provincial Sport Support and Coordination

The department has indicated that School Sport is the flagship programme, to which most resources will be channelled, including provincial allocations through Division of Revenue Act (DORA) allocated funds. A sizeable portion of the department's funds has been allocated to the Mass Participation and Sport Development Grant. SRSA has indicated that annual evaluation of the grant enabled them to identify impediments relating to four provinces, i.e. Gauteng, Free State, Northern Cape and Limpopo. In terms of the equitable share these provinces did not receive adequate amounts to implement programmes, because they rely heavily on the grant. This had been brought to the attention of MinMEC.

* The department's efforts regarding the Active Nation programme in the 2016-17 financial year will be measured by achievement in terms of the following strategic objectives:
* To facilitate the delivery of 3 active recreation campaigns or programmes with a specific focus on designated groups as contribution to improving the overall wellbeing of the nation through 2020;
* To inspire lifelong physical activity by providing 2 structured sport promotion programmes to community members by the 2016-17 financial year;
* To increase learners’ access to sport at schools by supporting 3 national school sport championship for learners in the 2016-17 financial year;
* To support the provision of sport and recreation mass participation opportunities in all 9 provinces by providing management and financial support through the mass participation and development grant and evaluating this support through the compilation of 1 evaluation report in the 2016-17 financial year.

There are 10 key performance indicators in these programmes, thus ensuring that all the sub-programmes have specific, measurable deliverables. Key changes include the reduction of targets of recreational promotional campaigns from 7 planned for 2015-16 to 3 in 2016-17. The changes have been necessitated by the call for austerity measures and finding innovative ways to use resources. The few recreation programmes that the department has will suffer the consequences of the austerity measures. The Move for Health Day, an international event created by the World Health Organisation to promote physical activity, is being reviewed to partner with the Department of Health. The other event affected by austerity measures is the Golden Games, which will also be implemented to accommodate budget cuts. An allocation of R1.1 million has been made to Active Recreation in 2016-17; an improvement from the R0 allocation of the 2015-16 financial year.

It should be noted that the department has not been directing any funds towards the recreation sub-programme, but has been focused on sport-related programmes. This phenomenon, as indicated by the budget cuts and prioritising of sport, indicates the level of seriousness with which SRSA treats recreation.

The revival of the partnership with loveLife will see the department channelling R38.5 million to loveLife from the R56.3 million that has been allocated to Community Sport in the 2016-17 financial year. The purpose of this is for loveLife to use its youth projects during the Youth Camps and National School Sport Championships.

* 1. **Programme 3: Winning Nation**

SRSA has set aside R91.1 million to spend on the Winning Nation programme in the 2016-17 financial year, and it will increase to R93.5 million in the 2017-18 financial year. Seven targets have been set for this programme. The budget allocation shows a decline of R3.9 million compared to the amount allocated in the 2015-16 financial year as a result of austerity measures. The main purpose of the programme is to provide support to the development of elite athletes and coaches through a sport science programme in partnership with selected sport schools and high performance centres. The Ministerial Bursary programme, which currently manages 60 athletes, is managed in the Winning Nation programme.

South Africa will be taking part in the Olympic Games and Paralympics in Rio in August 2016, and SASCOC, the entity responsible for delivering high-performance sport in the country, is expected to prepare Team SA. During the committee's deliberations with SASCOC it was stated that its mandate was unfunded and that the entity was mainly reliant on the Lottery for funding. An allocation of R29.5 million over the MTEF period has been set aside for SASCOC through the Scientific Support sub-programme. In order for the programme to succeed, it’s important that service level agreements are signed, and that the transfer of payments take place on time. Proper mechanisms of accountability for public funds must be in place, and as required by Section 32 of the Public Finance Management Act, Act 1 of 1999, SRSA is expected to produce quarterly reports. It is also important that those who receive transfers from SRSA should cooperate with them.

The Winning Nation programme also manages the transfers of payments to SAIDS, and for the 2016-17 financial year an allocation of R21.8 million has been set aside. SRSA is a signatory to WADA and SAIDS is the implementing agency. SAIDS is expected to work very closely with the Central Drug Authority (CDA), a statutory body established in terms of the Prevention of and Treatment for Substance Abuse Act, Act 70 of 2008, to develop, review and implement the National Drug Master Plan.

A major event sub-programme under Winning Nation provides institutional and intergovernmental support that have been approved in line with the Bidding and Hosting of International Sport and Recreational Events Regulations that were promulgated in 2010 and will be applied strictly. As indicated in the 2016-17 APP, the event organisers whose applications comply with the procedures as contained in the regulations will be eligible for authorisation from the Minister to bid for and host events. During the 2016-17 financial year 4 major events are anticipated:

* African Sprint Canoe Championships: 1-3 April, Roodeplaat, Pretoria.
* 2016 CANA Senior Aquatics Championships: 2-9 October, Mangaung.
* World Masters Squash Championships, October, Johannesburg.
* 2016 FISAF International Fitness and Hip-Hop Unite World Trials: September, Cape Town.

The preparation for hosting 2022 Commonwealth Games in Durban is also under way and an allocation of R6 million has been availed through the reprioritisation process in terms of which resources were re-allocated within the SRSA budget vote to coordinate and manage the Games. It is also an Olympic year, and SRSA will be hosting the “Ekhaya Hospitality Centre” at the Rio Olympic Games from 5 to 21 August 2016 and at the Paralympic Games from 7 to 18 September 2016. This is done as part of promoting South Africa as a sport tourism destination in line with the NDP.

* 1. **Programme 4: Sport Support**

The Sport Support programme has an allocation of R137.6 million for the 2016-17 financial year, compared with R154 million allocated in the 2015-16 financial year. The sport and recreation service providers sub-programme receives the lion's share of the budget, with R130.9 million (95.1%) towards the funding of federations. The portfolio committee will still expect SRSA to ensure that punitive measures are in place and that the federations sign the agreement to comply.

A total of 60 national federations will be offered financial and non-financial support. SRSA has also prioritised 16 federations that will be capacitated to deliver optimally on the vision of active and winning nation. Since 2012 intensive support has been provided to one of these federations each year. Each of the previous beneficiaries of intensive support had received a once-off allocation of R10 million, starting with Netball in 2012, Tennis in 2013, Basketball in 2014 and Boxing in 2015. This year’s beneficiary will be Hockey.

There was no real-term increase for Boxing SA from R10.5 million allocated in the 2015-16 financial year to R11 million in the 2016-17 financial year. However there is an effort to assist Boxing SA to improve its audit results in order to attain the clean audit status. Boxing SA had relocated to SRSA in order to reduce costs and focus on improving its governance systems.

Implementation of the agreement signed with Jamaica in 2015 would commence in the 2016-17 financial year and the department expected that mutually beneficial agreements with Cuba, India, Russia and Australia would be signed in the new financial year. These are in line with the departmental strategy on International Relations that was drafted in 2013.

The programme also works with the Eminent Persons Group (EPG), in order to monitor the rate of transformation in sport. The EPG has provided the department with the accurate baseline of transformation in South African sport. An agreement has been signed with the ‘Big 5’ federations in this regard and the EPG will begin to track their performance and meeting of the targets. The 11 other priority federations are also being engaged in this regard in order to ensure that the priority federations set the standards and are transforming in line with the Transformation Charter.

* 1. **Programme 5: Infrastructure Support**

The Infrastructure Support programme has three sub-programmes. The objective of this programme is to improve levels of participation in sport and recreation by facilitating the provision of adequate and well-maintained facilities. The department lobbies municipalities for the development of sport and recreation facilities. This programme has received a significant boost to be able to carry its mandate, where National Treasury has allocated an additional R6 million to capacitate the department to provide adequate support to municipalities as they implement and use the ring-fenced R300 million of the P Component of MIG. This has been done after thorough consultations with the National Treasury and COGTA.

This allocation will see the departmental allocation growing from R6.8 million allocated in the 2015-16 financial year to R16.3 million in the 2016-17 financial year. The department briefed the committee about a list of 30 infrastructure projects they had identified for the year, which will see them using the R300 million allocation with COGTA.

1. **Entities Budget Analysis**

Table 2: Budget of entities of department.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Programme** | **Audited Expenditure** | | **Medium Term Expenditure Estimate** | | |
| **R million** | **2013-14**  **M** | **2014-15**  **M** | **2015-16**  **M** | **2016-17**  **M** | **2017-18**  **M** |
| Boxing SA | R6.5 | R7.9 | R10.4 | R11.0 | R11.5 |
| SAIDS | R14.0 | R18.5 | R19.8 | R21.9 | R23.0 |

**7.1. Boxing SA**

SRSA has set aside R11 million to Boxing SA for the 2016-17 financial year, a slight increase from R10.4 million allocated in the 2015-16 financial year. Boxing SA is expected to deliver its mandate through its main sub-programmes, such as governance and administration, boxing development and boxing promotion.

BSA was delaying the inclusion of the marketing and communications position on the organogram until there was enough money to pay for it. In the interim, the BSA chairperson was handling the board's communication, and BSA would fill the senior positions as soon as they set up the full structure. A process to fill the vacant post of CEO was still under way, and a submission had been forwarded to the Minister of Finance and the Minister of Sport and Recreation for approval. BSA was looking at collection of fees from licensees, and broadcasting was strengthening BSA financially. Most income was generated from sponsors related to events. With broadcasting in place statistics from SABC was needed in order to assess the value for money from broadcasts on SABC. The delay was caused by the need to gather statistics for one year, after which BSA could make a proposal to the sponsors.

The portfolio committee had expressed concern regarding disputes that could impede the development of boxing in the Eastern Cape, and the Minister and Boxing SA had intervened in that regard. A joint committee of both provincial structures has been set up to address concerns.

**7.2. South African Institute for Drug-Free Sport (SAIDS)**

SAIDS's budget allocation increased slightly from R19.8 million in the 2015-16 financial year to R21.9 million in the 2016-17 financial year. The National Lottery provided an additional R3 million for the 2016-17 financial year to ensure that SAIDS is able to comply with the World Anti-Doping Code (WADA Code).

SAIDS mandate will increase significantly when envisaged amendments to legislation is effected. Amendments to the South African Institute for Drug-Free Sport Act, Act 14 of 1997, had been drafted to incorporate aspects that deal with the appointment of an acting chairperson of the board and the random testing of athletes in schools sport events, and the legislation was being reviewed. The current legislative framework is seen as a weakness in doping control and drug testing.

The good work of SAIDS is seen through the global recognition of its drug testing program that covers up to 30 sporting codes, which are as high risky. Its education, research and outreach programme has been tailored to the needs of its target audience, thus making it easier to share. It also assists in awareness campaigns that promote anti-doping during participation in sport events.

For a number of years the Auditor-General has been pointing out that the governance structure of SAIDS needs to pay much closer attention to the internal controls, and should develop policies and procedures especially for the procurement of goods and services in line with the PFMA.

1. **Committee’s Observations**
   1. **Department of Sport and Recreation**
2. It is of concern to hear that some provinces did not budget for sport, and the matter needs to be taken seriously, in light of the need for development;
3. Provincial officials in some provinces do not understand the department's model for sport focus schools;
4. It is hoped that all vacancies in Boxing SA and SRSA will be filled by the next financial year;
5. Barriers to entry in terms of equipment cost of different codes can be overcome by making informed strategic decisions to deal with them most efficiently;
6. Active recreation sub-programme provides recreational opportunities to improve the healthy lifestyles of the citizens and Golden Games and Move for health are among few recreation programmes which are not sport-related, however they had been cancelled. Logistics is not only the responsibility of SRSA, but is the responsibility of Social Development department and the Department of Health;
7. Members of the committee could assist the department if it encountered problems in provinces by liaising with their provincial heads of sport to assist the department;
8. There is concern regarding the allocation of resources for training of employees despite the reduction in the number of employees to be trained;
9. The Sport focus school programme supports the schools for haves more than it does the have-nots, and in transformation we need to be biased somewhat - sometimes on colour and sometimes also the poor and the rural;
10. The reduction of target for the number of participants in the national school sports championship to 7500 per year by reducing the age categories per sporting code was problematic in terms of the outcome, especially when the allocation of budget increases at the same time.
11. A follow-up is necessary regarding the underutilised funds of MIG funds that had been ring-fenced for the building of sport and recreation in previous years;
12. The difference in medal target of 10 by SASCOC and the target of 8 by SRSA raised concern about resource allocation and the agreement between SRSA and SASCOC regarding the use of allocated resources, for instance, preparing elite athletes for international competitions such as the Olympic Games;
13. The committee is concerned about the reduction of events from 25 to 18 without any indication of the programmes being cut and the cost implications related to such cuts.
    1. **Entities**
14. The work of Boxing SA is appreciated, and the entity had achieved more public visibility. Tournaments were rotated to more provinces;
15. Invitations to monthly events are appreciated, since it informs members that events are taking place, even if they are unable to attend;
16. There are two boxing promoters associations in the Eastern Cape who were concerned about the uneven allocation of resources. If the matter is not attended to without delay the development of boxing in Eastern Cape will be hampered. In addition, the poorest boxers will suffer;
17. The emphasis on the entity's approach to marketing in view of the relatively small grant from the department is of interest, however, the organogram does not indicate any relation to communications;
18. The entity's strategy to increase the number of female boxers and ringside officials is not clearly reflected in the strategic plan;
19. The committee wishes to see progress in basic education and needs a briefing by the department on boxing in schools;
20. The committee expressed appreciation for the way SAIDS conducted its work, which was evident in the doping results for two South African athletes who had participated in the Comrades marathon in recent years.
21. **Recommendations**

The committee recommends that the Minister for Sport and Recreation:

1. Emphasise the need for provincial departments to budget for sport and recreation from their equitable share budget allocated by provincial treasuries;
2. Ensure that the department has clear performance indicators in line with the mandate of the sub-programmes within each programme;
3. Ensure that the budget cuts and reduction of programmes is done in the most cost-effective way to improve the delivery of programmes within the allocated resources;
4. Ensure that recreational programmes are adequately resourced and implemented in order to advance the goal of creating healthy lifestyles for all citizens;
5. Ensure that the department monitors closely the service level agreements provincial governments signed with sport focused schools in line with the approved policy on school sport;
6. Ensure that the department is adequately resourced and prepared to roll out the sport infrastructure support programme through the use of the ring-fenced amount of the MIG;
7. Ensure the speedy appointment of the CEO of Boxing SA in order to fully capacitate Boxing SA;
8. Ensure that both entities, SAIDS and Boxing SA, adequately implement the recommendations of AGSA in order to address governance-related challenges;
9. Ensure that the process of preparing draft legislation is expedited in the 2016-17 financial year.

**Conclusion**

SRSA and the entities are expected to use their budget effectively and efficiently to delivery on the targets that have been set. The portfolio committee will monitor closely and scrutinise the departmental activities to ensure that it aligns and is within the agreed targets. During the quarterly reviews, the committee will expect to receive a feedback on the steps taken to address and respond to the recommendations made in this report.

Report to be considered.