



***Boxing
South
Africa***

**BOXING SOUTH AFRICA PRESENTATION TO
PORTFOLIO COMMITTEE**

13 SEPTEMBER 2016

COMMITTEE ROOM 1, 120 PLEIN STREET, CAPE TOWN

As per the request of the Committee, the presentation will cover the following:

- 1) Governance
- 2) Progress regarding promoter's association disputes in the Eastern Cape
- 3) Financial performance of BSA for 2015/2016 financial year



***Boxing
South
Africa***

SECTION 1

GOVERNANCE

FOREWORD

The state and stature of boxing in South Africa is on an upward trajectory. The financial year 2015/2016 laid solid foundations towards the objective of placing boxing at the nucleus of nation building and social cohesion. The following bears testimony to that:

- An increase in the number of licensees in the period under review from 901 in 2014/15 to 1085 2015/16.
- The return of boxing to the screens of the public broadcaster, The TKO and Boxing is Back Initiatives
- Roll out of Women in Boxing development programme supported by the National Lotteries Commission.
- As part of a process of stabilising the functioning of the organisation, we have now appointed the Chief Executive Officer, Chief Finance Officer and Director Operations.
- The unqualified Auditor General's Report for the year 2015/2016, improving from last year's qualified audit opinion

ORGANISATIONAL ENVIRONMENT

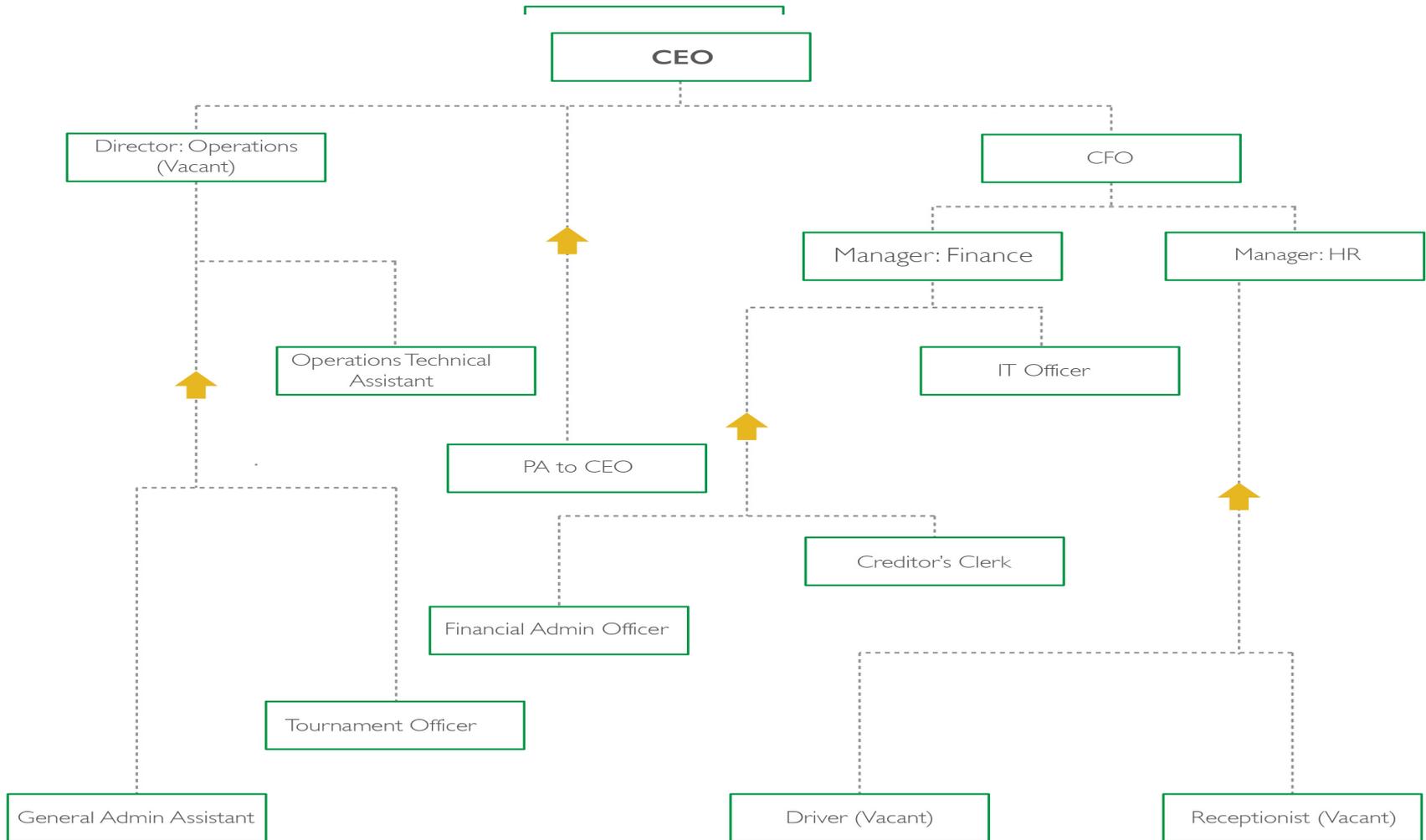
The Boxing SA's mandates set out in section 2 of the South African Boxing Act No.11 of 2001 inaugurate it as a professional boxing regulatory body in South Africa. Its mandates in section 2 of this Act.

The Executive Authority, the Minister of Sport and Recreation South Africa through SRSA Accounting Officer (the Director General) is charged with the performance oversight role over BSA.

The BSA comprises of the Board (this is the Accounting Authority of the Entity), the Chief Executive Officer (the BSA's Accounting Officer), management and staff. The BSA's main clientele are the boxers, managers, trainers, promoters, officials and spectators.

THE BOARD

The Board appointed by the Minister on the **18 May 2014**, in terms of Chapter 2 section 9 of the Act still constitutes of all seven members and continues to function in a coherent and optimal manner as articulated in its mandate.



Boxing
Rules and
Regulations

South
African
Boxing Act

BSA
Policies and
Procedures

Safety at Sports
and Recreational
Act

Labour
Relations Act

Public Finance
Management Act

Promotion of
Access to
Information Act

Preferential
Procurement
Policy
Framework Act

Skills Develop.
Act

Basic Conditions
of employment
Act

VISION

To be a leading sport code in South Africa and a World Class boxing Authority

MISSION

Our mission at BSA is the effective and efficient administration of and the regulation of professional boxing.

- a) Section 4 of the South African Boxing Act, Act No. 11 of 2001 establishes a Boxing Commission which is a juristic person known as Boxing SA.
- b) In execution of its legislative mandate and function Boxing SA is a Schedule 3A Public Entity in terms of the PFMA.
- c) It is mandated to accomplish the following functions by the Act, to:
 - *Provide a new structure for professional boxing in the Republic*
 - *Ensure effective and efficient administration of professional boxing in the Republic*
 - *Recognize amateur boxing*
 - *Create synergy between professional and amateur boxing, and*
 - *Promote interaction between associations of boxers, managers, promoters, trainers, officials and Boxing SA*

a) Boxing SA is guided by and support the national sport policies of Sport and Recreation South Africa in general and specifically:

- *White Paper on Sport and Recreation*
- *National Sport and Recreation Plan*
- *Sport Transformation Charter*
- *BSA National Boxing Indaba Resolutions of 2013*

a) National Development Plan (NDP):

NDP sets out five long-term nation building imperatives:

- *(1) Fostering constitutional values, (2) Equal opportunities, inclusion and redress, (3) Promoting social cohesion across society, (4) Active Citizenry and leadership, (5) Fostering a social compact.*

KEY MANDATE AREAS	THE SPECIFIC AREAS
Boxing development in South Africa	<ol style="list-style-type: none"> 1. To facilitate the establishment and effective coordination of all boxing structures (associations of licensees), 2. To provide the administrative support to all the associations and practitioners in the boxing fraternity of South Africa, 3. To promote and market the activities of boxing in South Africa and to promote it is a brand amongst other sport brands in the country, 4. To promote the development of boxing infrastructure to facilitate its expansion for both recreational and competitiveness purposes, 5. To facilitate and coordinate the skills development programmes amongst the licensees within the boxing fraternity,
Being a Regulatory Body for professional boxing in South Africa	<ol style="list-style-type: none"> 1. To develop appropriate norms and standards for the effective management and administration of professional boxing in furtherance of the legislations, 2. To ensure the compliance and enforcement of the norms and standards by all the individual licensees and their associations, 3. To establish effective dispute resolutions mechanisms and to mitigate all disputes that may arise amongst the licensees within the boxing fraternity, 4. To develop the skills development framework and foster partnerships with relevant stakeholders for its realization and implementation, 5. To ensure that the administration and management of boxing in South Africa is based on good governance and is run in the best interests of boxers and the general public



GOVERNANCE PERFORMANCE INFORMATION

In its Strategic Review Session of 7 August 2016 and drawing lessons mostly from its performance outcome of the 2015/2016 financial year, the Board Characterised the situational analysis of BSA as follows:

- **Core Business:** There is a need for BSA to reposition its resource allocation more towards its Core Business than support services.
- **Legal literacy:** – BSA needs to strengthen its Legal Capacity to enable better response to the heightened legal challenges that characterizes the sport. To this extent the Legal Commission has been established.
- **Boxing, the People’s Sport:** – Reinstating boxing back to its glory days remains our key priority. This may not necessary mean new programmes, but rather a new approach, vigour and innovation in our business process.
- **Capacity Building / Training:** – Boxing sector broadly, its not doing too well when it comes to training and professionalizing this aspect of its work.
- **Long-term boxer development Pathway:** – Working with SANABO we need to develop the boxing sector’s Long-term participants development plan, as outlined in the Introductory part of the National Sport & Recreation Plan.

... Continued

- **Revenue generation:** The drive to increase BSA revenue base and enforce its collection of levies due to it.
- **Stakeholder relations:**– Improving its stakeholder relations through structured stakeholder engagement programme and agreements.
- **Establishment of Associations:**– Assisting the respective licensee’s association to be established and supporting their existence.
- **Administrative capacity:**– Strengthening the administrative capacity of BSA, particularly the control and compliance environment as well as overall administrative capacity to respond to the mandate requirements.

In order to enhance the performance of BSA the organization prioritised the following:

- a) Building the capacity of the organization to regulate the boxing sector and this will include increasing the compliance inspections;
- b) Increasing awareness of promoters about compliance requirements and procedures in order to improve conformity;
- c) Reviewing and developing policies and procedures to respond to the demands of a dynamic and fast-changing environment;
- d) Developing internal systems for the enhanced operations;
- e) Aligning the organizational structure with the strategic plan and to maximize efficiencies;

.....Organisational priorities Continued

- f) Reviewing the funding model for BSA; and
- g) Supporting the establishment of associations to ensure the equitable boxing environment exist for all.

To achieve this, BSA needs to aggressively build on its current accomplishments by among others, reinforcing its human capital, strengthening policies and implementing robust systems.

Looking back to the period under review, the following programme stands out:

- ✓ Boxing is Pack Programme (Partnership with SABC, SRSA & DoSAR provinces
- ✓ Women in Boxing Programme (Made possible through NLB funding
- ✓ More than 1000 licensees during the 2015 / 2016 financial year
- ✓ More than 80 tournaments sanctioned during the 2015 / 2016 financial year

During the year under review BSA achieved a significant milestone by partnering with SRSA and SABC to ensure that boxing is televised on the SABC 2 channel once every last Friday of the month under the theme of # Boxing is Back.

During Fridays when there is no live broadcasting of tournaments, a magazine programme is flighted. A preliminary assessment of the live television broadcasting results indicates that on average over 1.3 million households tune in to watch live boxing. This is a significant step in ensuring that boxing as a sport enjoys popular support and also as a platform to attract sponsors. In comparison to other shows this is a significant viewership.

This programme has also continued into the current financial year and even though there were challenges in some instances, the partnership between SABC, SRSA and BSA has enabled those challenges to be resolved.

SANCTIONED TOURNAMENTS

For the financial year 2015/16 we staged a total number of 83 tournaments in the following categories:

Categories	Tournaments
• Development	31
• Provincial Title Fights	5
• South African Title Fights	13
• International Title Fights	30
• World Title Fights	4

For the financial year under review we had a total number of 1059 licensees in the following categories:

Categories	Males	Females
• Boxers	602	46
• Managers	76	2
• Trainers	60	1
• Seconds	96	2
• Matchmakers	2	1
• Ring Announcers	6	2
• Ring Officials	46	9
• Promoters	91	17
TOTAL	979	80

WOMEN IN BOXING PROGRAM

- a) BSA received funding from National Lotteries Board (NLB) to the amount of R7,9 for participation programme of women in boxing. Two-thirds of this allocation has already been used to deliver the first and second phases of this programme in Gauteng and KwaZulu Natal respectively.
- b) In this regard, the funding was directed at participation of women in tournaments and capacity building workshops. Only female promoters, boxers and officials were allowed to participate in the tournaments.
- c) The capacity building part did not look only at empowering females but also to use scientific methodologies to assess the emotional and physical challenges experienced by female licensees. Lastly, the female boxers fought for both South African and International Titles.
- d) The third and last phase of this project will be held in the current financial year of 2016/2017.



PERFORMANCE BY PROGRAMME 2015/2016 FINANCIAL YEAR



PROGRAMME 1 :

GOVERNANCE & ADMINISTRATION

Purpose: To provide strategic leadership, good corporate governance and the overall administration (including finance, HR, ICT, etc) of the boxing.

This programme is designed to provide the leadership of BSA and boxing in general and normal administrative functions that are necessary in modern organizations. Leadership here refers to both the governance and strategic on the one hand and administrative dimension on the other hand.

Sub-Programmes: It comprises of the following sub-programmes:

- a) The Board
- b) The Office of the Chief Executive Officer and Corporate Services
- c) Stakeholder mobilization and lobbying

PROGRAMME 1 : GOVERNANCE & ADMINISTRATION

Strategic objectives	Actual Achievement 2014 / 2015	Planned Target 2015 / 2016	Actual Achievement 2015 / 2016	Deviation from planned target to Actual Achievement for 2015 / 2016	Comment on deviations
Strengthened governance and oversight	New Indicator	60% resolutions of the Board executed.	66%	6%	We overachieved because of internal capacity.
Improved administrative capacity	New Indicator	40% vacancies filled	66%	26%	BSA went on an aggressive recruitment campaign to stabilize the entity
Stakeholder engagement framework	New Indicator	Stakeholder engagement framework approved	Not achieved	Not achieved	The document is still under consideration by the Board.

1. During the period under review, a number of BSA Senior Managers on suspension. This restricted the organization from carrying out its mandate optimally.

2. The reigning leadership worked tirelessly to resolve the suspensions of managers and to expedite disciplinary proceedings where applicable. Stability is prevailing once more in BSA and this is evidenced by the following:
 - a) Position of CEO and CFO have now been filled.
 - b) Recruitment is about to be finalised for Director Operations.
 - c) Middle management and lower positions were filled in September 2015.
 - d) Improved systems of internal control have been developed and implemented to ensure better financial management.
 - e) An internal auditor has been appointed on contract.
 - f) Policies in identified areas of weakness have been developed or updated.
 - g) Fully functional Audit Committee has been appointed in March 2016

PROGRAMME 2 : BOXING DEVELOPMENT

Purpose: To ensure compliance with the key aspects of boxing act, and rules regulations and enforce their application where non-compliance is observed.

The vision going forward is to make the application of the boxing act and its regulations the cornerstone of the turnaround for the governance and administration of the sport going into the future. Accordingly this programme will feature the key activities that are in line with the regulatory requirements of BSA.

Sub-Programmes: It comprises of the following sub-programmes:

- a) Licensing, sanctioning and ratings
- b) Licensees training and development
- c) Regulations compliance and enforcement

PROGRAMME 2 : BOXING DEVELOPMENT

Strategic objectives	Actual 2014 / 2015	Planned Target 2015 / 2016	Actual Achievement 2015 / 2016	Deviation from planned target to Actual Achievement for 2015 / 2016	Comment on deviations
Licensees' training and development	New Indicator	250 licensees trained and developed	90 licensees trained and developed	160	Due to limited resources and non-attendance of licensees, the target was not achieved.
Compliance and enforcement	20	90 site inspections and compliance reports issued	15 site inspections and compliance reports issued	75	Site inspections and compliance reports were only conducted in the 4 th quarter and that resulted in under achievement of the set target.
Women in Boxing	43	60 women licensed to operate in various aspects of boxing	76 women licensed to operate in various aspects of boxing.	Over achieved	The target was over achieved due to the amount of females that showed interest by applying for licenses in various categories.
Ratings	12 number of ratings conducted	12 number of ratings conducted	12 number of ratings conducted	Achieved.	Achieved.
National coverage		900 licenses issued	1054 licenses issued	Overachieved	The television broadcasting has created a new of licensees.
Associations assisted	New Indicator	20 new associations established	0	Not achieved	Lack of funding



PROGRAMME 3 : BOXING DEVELOPMENT

Purpose: To promote and market boxing to improve its public profile, increase its brand value as well as coordinate premium BSA events across the country.

The overall purpose and goal of this programme is to raise the public profile of BSA and boxing and to increase its brand value to such an extent that the general public and sponsors will compete for a space boxing programmes and enlist their support and resources for its development further.

Sub-Programme: It comprises of the following sub-programmes:

- a) Marketing and branding
- b) Communication
- c) Events Coordination
- d) Revenue generation

PROGRAMME 3 : BOXING DEVELOPMENT

Strategic objectives	Actual Achievement 2014 / 2015	Planned Target 2015 / 2016	Actual Achievement 2015 / 2016	Deviation from planned target to Actual Achievement for 2015 / 2016	Comment on deviations
Marketing and communication strategy	New Indicator	Develop and approve marketing and communication strategy	0	1	Lack of resources.
Boxing sponsorships	2 sponsorships secured to fund programmes of the organisation	2 sponsorships secured to fund programmes of the organisation	1	1	BSA was still in negotiations with a prospective sponsor
Events coordination	5	5	9	4	National and provincial government has sponsored promoters to host tournaments in their respective provinces.
Revenue generation strategy approved and implemented	New Indicator	Alternative revenue generation strategies implemented and finance collection systems strengthened	0	1	In the absence of the CFO, the staff could not develop the revenue generation strategy.



FINANCIAL PERFORMANCE 2015/2016 FINANCIAL YEAR

REVENUE COLLECTION

Sources of revenue	2014/2015			2015/2016		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Sanctioning fees	1 717	1 099	618	1 803	2 435	(623)
Licence fees	468	562	(94)	491	587	(96)
Fines Penalties and Forfeit	22	90	(68)	23	78	(52)
Interest	38	65	(27)	40	92	(52)
Sport & Recreation: Grant	7 945	11 253	3 308	10 468	15 025	(4 557)
Other Income					5 284	(5 284)
Total					23 501	(10 621)

FINANCIAL PERFORMANCE

Revenue recognised audited	2015 / 16					
	Budget	% of Total	Actual	% of Total	Difference	%
Sanctioning Fees	R 1 803 000.00	9.96%	R 2 549 603.00	10.83%	R 746 603.00	41.41%
Forfeit Fees	R 23 000.00	0.13%	R 78 015.00	0.33%	R 55 015.00	239.20%
Licence Fees	R 491 000.00	2.71%	R 586 532.00	2.49%	R 95 532.00	19.46%
Interest received on Investment	R 40 000.00	0.22%	R 92 417.00	0.39%	R 52 417.00	131.04%
Government Grants & Subsidies	R 10 468 000.00	57.81%	R 15 041 862.00	63.89%	R 4 573 862.00	43.69%
Public contributions and Donations	R 5 284 000.00	29.18%	R 5 195 556.00	22.07%	R -88 444.00	-1.67%
Total	R 18 109 000.00		R 23 543 985.00		R 5 434 985.00	

1. Sanctioning Fees are levied 7 days after the Tournaments ,this increase is directly attributable to increases in the total number of Tournaments sanctions during the financial year under review , the sanctioning fees accrued were 44% higher than budgeted .
2. The fees accrued does not necessarily translate into cash received ,the related increase in the Trade Debtors balance (**R 3 101 222 , R 587 003 – 2014/15**) . BSA is finalising data cleansing on its debtors balance where after debtors recovery process will commence . There has been a gradual improvement on payments of outstanding since the beginning of the current financial period.
3. Forfeit Fees are levied as a penalty for boxers who are overweight during the weigh-in . The fees accrued with more than 239 % of the anticipated revenue .
4. Licence fees are paid on an annual basis when new and existing applications for all categories of licensees are received . BSA received more than 19 % of the anticipated applications .

.....Continued

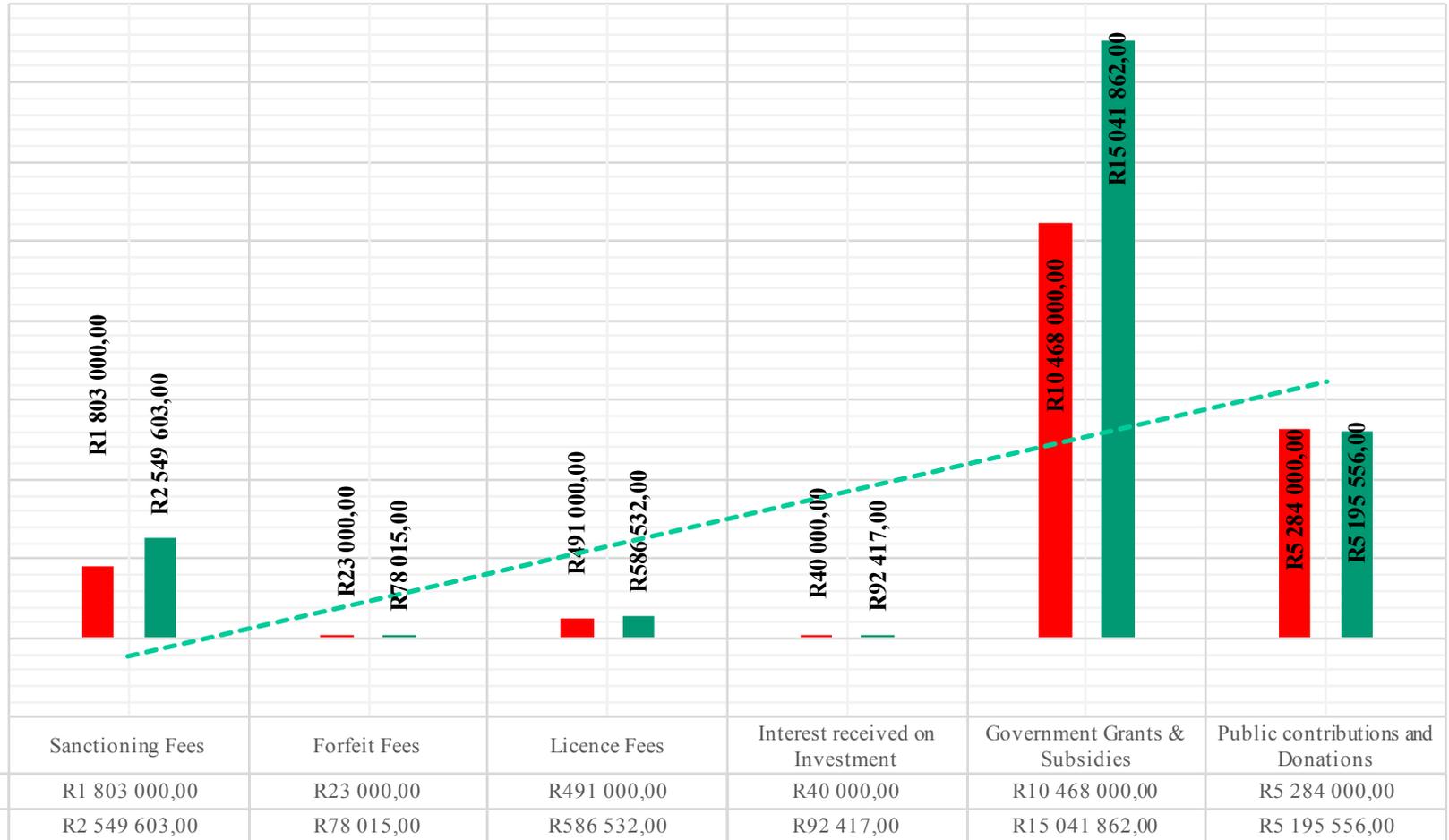
4. Interest received on Investment – Momentum Investment has been taken for the purpose of boxers injury claims for any eventuality while in the ring or latent injuries emanating directly from participating in boxing activities during a match. The interest received was more than 131% of the budget figure.

5. Government Grants and subsidies , the monies received from the Executing Authority were 43% higher than the appropriated figures ,this monies include the annual baseline allocation **of R 10 468 000.00** , monies paid for employees seconded to BSA equals **R 429 486.00** and reimbursement for Board members emoluments **R 119 889.00** and payment for Legal fees on behalf of BSA to the tune **R 4 022 309.00.**

6. Public Contributions and Donations – this relates to the money received from the National Lotteries commission in the execution of a flagship programme for Women in Boxing.

REVENUE

■ Budget



FINANCIAL PERFORMANCE

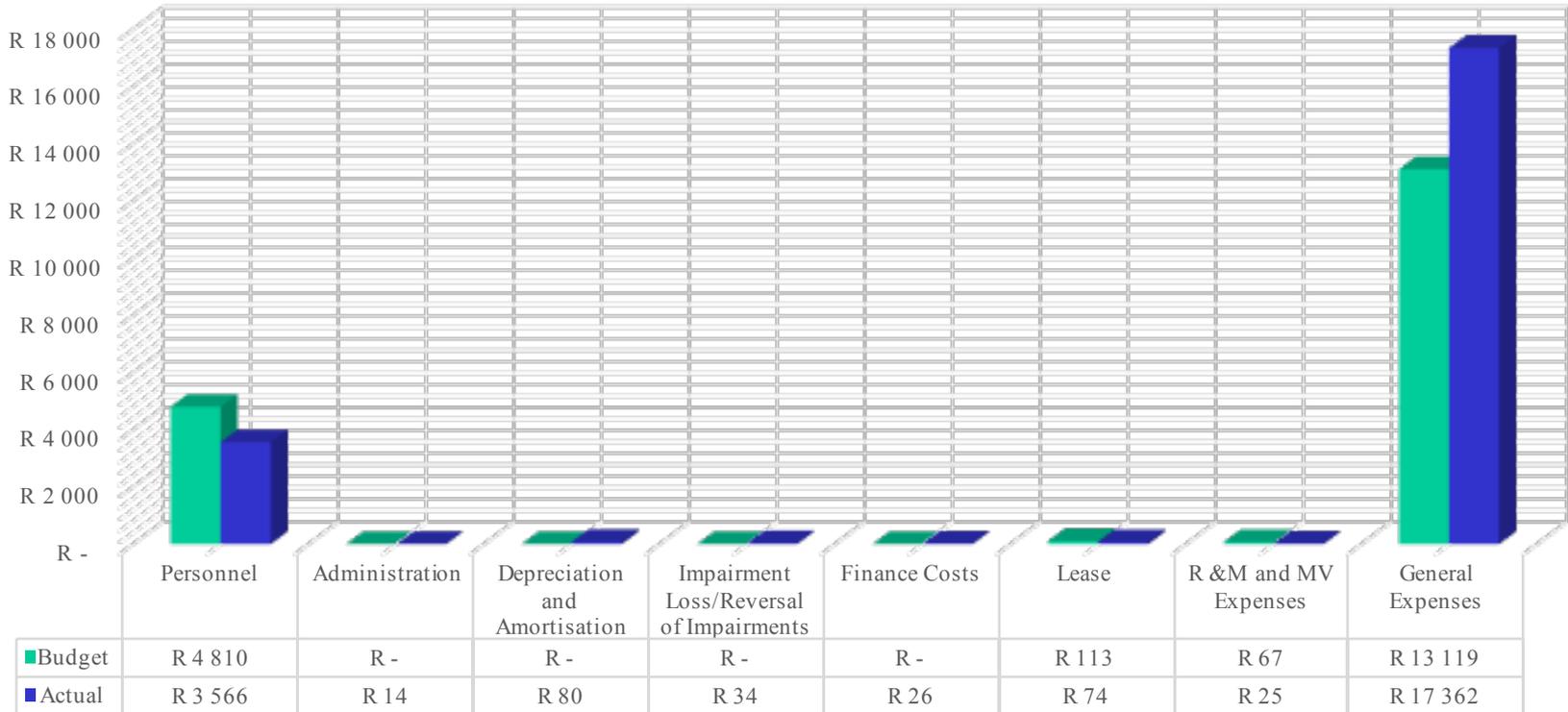
Expenditure Incurred audited		2015/16					
		Budget	% of Total	Actual	% of Total	Difference	%
1	Personnel	R 4 810 000.00	26.56%	R 3 566 783.00	16.84%	R -1 243 217.00	-25.85%
2	Administration		0.00%	R 14 374.00	0.07%	R 14 374.00	
3	Depreciation and Amortisation		0.00%	R 80 067.00	0.38%	R 80 067.00	
4	Impairment Loss/Reversal of Impairments		0.00%	R 33 917.00	0.16%	R 33 917.00	
5	Finance Costs		0.00%	R 26 114.00	0.12%	R 26 114.00	
6	Lease	R 113 000.00	0.62%	R 73 603.00	0.35%	R -39 397.00	-34.86%
7	R &M and MV Expenses	R 67 000.00	0.37%	R 24 974.00	0.12%	R -42 026.00	-62.73%
8	General Expenses	R 13 119 000.00	72.44%	R 17 361 679.00	81.97%	R 4 242 679.00	32.34%
TOTAL		R 18 109 000.00		R 21 181 511.00		R 3 072 511.00	

Expenditure

1. Compensation of Employee – the underspending on compensation is mainly caused by vacant post such as CFO, CEO other middle management post were filled towards the second and the 4th quarter of the year. BSA realised as saving of 25 %.
2. Lease payment – During 2015/16 financial year BSA was situated in Department of Sport and Recreation and has saved on Lease payments .
3. General Expenses – it includes item such as Audit fees(5%), Travelling(9%), consultants (8%)and expenditure incurred in the execution of the lottery funding for the Women in Boxing flagship Programme which constitute 32% of the total.
4. The legal fees on ongoing cases against BSA also constitute 34% of the total General Expenses.
5. Administration includes bank charges ,all other accounting costs which are mostly non-cash were not budgeted for this includes depreciation and amortisation ,Impairment loss ,etc.
6. Finance Costs and Lease were for cost of borrowing on hiring of photo copy machines and the rental for space while BSA was still in Midrand.

Expenditure Incurred

■ Budget ■ Actual





UPDATE ON

EASTERN CAPE PROMOTERS DISPUTES

BACKGROUND

As part of intervention activities in resolution of Boxing Promoters Disputes in the Eastern Cape, Boxing South Africa assisted with the Boxing Promoters Association in the Eastern Cape to hold its Annual General Meeting on June 2016.

The meeting took place in June 2016 and was duly constituted by the majority of Promoters in the province.

The major breakthrough about this AGM is that it was also attended by members who had previously positioned themselves a parallel structure, thereby bringing an end to the issue of parallel structures of Promoters Association.

BONE OF CONTENTION

FUNDING

- The major bone of contention was once more reaffirmed as the allocation of funding to promoters, particularly by government and government agencies and how best to spread this insufficient financial assistance such that it accommodates all the promoters.

GRADING OF PROMOTERS

- In this regard, the big lamentation was that there doesn't seem to be an appreciation that promoters are currently not graded and this opens up small and emerging promoters who promote mostly development bills to have to fend for themselves against established promoters with a stronger resource base.

A FAIR & BALANCED ALLOCATION CRITERIA

- The critical challenge was therefore defined as need to find a balanced and fair funding formula that can accommodate all boxing promoters in the province, particularly those in the development level.

THE ANNUAL GENERAL MEETING

The AGM continued smoothly and managed to elect a new executive committee, which, as already stated also included members from the previous parallel structure that disputed the other group.

Among issues which were raised at the AGM are the following:

- ✓ The current criteria by the public broadcaster to purchase broadcast rights for content
- ✓ The unresolved of boxers who were not paid from tournaments in which they participated.
- ✓ Efficacy of life insurance for the boxers
- ✓ The centrality of BSA in the Boxing is Back programme
- ✓ Condemnation of fellow promoters who fail to pay their purse, thereby bringing the sport into disrepute

WAY-FORWARD

With the Annual General Meeting of Promoters Association now firmly behind us, we can safely mention that there is no dispute in respect of Boxing Promoters Association.

The challenge is now to work with the newly elected leadership to attend to issues raised by the AGM administratively.

The other challenge is to also proceed as per BSA Annual Performance Plan to assist with establishment of Association for other licensees, Officials, Boxers, Trainers and Managers.



WAY-FORWARD

2016/2017 FINANCIAL YEAR

BSA's Turnaround Strategy (Business unusual)

1. It is common knowledge that planning during periods of crisis is different from planning in periods of stability. Orthodox planning approaches may not bring about the type of change we would want to see - as a response to the crisis we are facing.
2. The last two years offered an opportunity for the Board not to only familiarise itself with the machinations of Boxing in the country but to devise and pursue a strategy to overcome the identified challenges.
3. The Board reflected on the new futures of Boxing in SA over a five year horizon. The National Indaba Resolutions provided a solid foundation for such a reflection.
4. To this end, on the 6-7 August 2016 the Board convened a Strategic Review Session with the new Management to induct them on this new vision and jointly chat a practical programme within the confines of the new Annual Performance Plan and underpinned by the this Business Unusual Goals (Turnaround Plan).

The key pillars of the turnaround of BSA:

1. Developing a Business Model for BSA
2. Setting principles to drive the development of a new organisational architecture for BSA.
3. Dealing with the inherited crises that present itself at three levels:
 1. **Strategic Crisis:**
 2. **Operational Crisis:**
 3. **Financial Crisis:**

To this end, Management has already developed an Action Plan to address all issues raised in the 2015/2016 Auditor General's report.

The Board has also considered the draft Annual Performance Plan for 2017/2018 as well as the draft budget to ensure alignment of Strategy to resources as well as alignment of activities to strategic priorities.



WE THANK YOU !