Report to Portfolio Committee on Sport and Recreation by Sport and Recreation South Africa (SRSA) –

3 November 2017

**STATUS REPORT ON IMPLEMENTATION OF THE R300 MILLION MIG FOR SPORT INFRASTRUCTURE**

1. Background

The South African Sports and Recreation Act imposes a mandate on the Department of Sport and Recreation to ensure provision of sporting and recreation facilities in the country. Build for Sports and Recreation Programme (BSRP) under the department was a mechanism used to ensure delivery of these facilities until the introduction of the Municipal Infrastructure Grant (MIG) in 2004.

Integration of BSRP into MIG ensured that financial resources required for construction of sport facilities are transferred directly to municipalities as integral part of the normal MIG allocation transferred through Department of Cooperative Governance and Traditional Affairs.

Notwithstanding availability of these resources, and a Schedule 5B constitutional mandate of local government to provide local sport facilities, evidence shown a significantly poor delivery of sport facilities in many parts of the country.

This phenomenon compelled the department to intervene and secured a buy-in from parliament for ringfencing of R300 millions of sport allocation within the P- Component of the MIG in order to pilot an effective model for delivery of sporting facilities in municipal spaces. Implementation of this pilot commenced in 2016/17 municipal financial year and 30 beneficiary municipalities were identified.

The report therefore serves to provide status and summary of progress in respect to allocation made in 2016/17, 2017/18 financial years and processes for 2018/19. It will also present challenges encountered as well as the actual and planned remedial actions of address problems.

1. Rationale of Ringfencing the R300 million

Notwithstanding a constitutional obligation to provide sporting facilities in their communities and the inclusion of mandatory allocation of funds to spend these facilities in MIG, municipalities have generally not been effective in delivery of sporting facilities and in many instances funds earmarked for this purpose would be used for other priorities.

Arguments that have been advanced to justify such a conduct include significant backlogs of municipal basic infrastructure required to deliver municipal basic services, which according to the Municipal Systems Act if they are not provided, they will endanger public health, safety or environment. In this context sporting infrastructure was/is not viewed as a priority compared to other types infrastructure such as sanitation, water, roads, refuse removal etc.

Nonparticipation of sports and recreation sector (i.e. clubs, federations, sports councils and departments) in municipal planning processes has also been reported to be amongst factors that compromise prioritisation of sports facilities by municipalities in the Integrated Development Plans (IDP) and budgets, resulting in no or poor delivery.

Moreover, some municipalities argued that due to little MIG allocations they receive, 5% allocation of sports facilities within the total MIG is significantly inadequate to deliver any decent basic sporting facilities that will meet the Norms and Standards of the department.

This phenomenon required an innovative intervention if the country was to realise its NDP target of ensuring access to sporting facilities in all settlements of the country, not only for promoting social cohesion but also ensuring achievement of an active and winning nation envisioned in the National Sports and Recreation Plan (NSRP)

The NSRP recognises that South Africa has a challenge of provision, equitable access and maintenance of sport and recreation facilities, which has far reaching consequences for the transformation and development of the sector. It acknowledges that failure to address sport infrastructure backlogs will compromise the country’s objective of transformation, sports development and increased participation because sport facilities forms the foundation of the entire sport and recreation system, and therefore provision of sport facilities is an indispensable requirement to achieve a 2030 vision of Active and Winning Nation.

For these reasons, the ringfencing of R300 million was introduced as a pilot for innovative delivery mechanisms to accelerate and broaden delivery of sport facilities.

1. Implementation of the R300 million

Following a decision to ringfence R300 million per annum for a pilot period of three years, thirty (30) municipalities were identified from all nine provinces of the country. In line with biasness of the MIG Policy Framework towards the poor, identified projects sites were located in areas that meet this criterion, and no site was declined by any appraisal process on the basis of this requirement.

* 1. Selection Process and Progress

The department identified beneficiary municipalities through provincial departments of sports, and a fundamental requirement in that regard was that all projects identified must be in the municipal IDPs. Through this process, municipalities below were identified for 2016/17 municipal financial year allocated, their expenditure and progress to date are as shown in Table 1:

***Table 1: Progress of municipalities allocated in 2016/17***

|  |
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| **EASTERN CAPE** |
|  **Municipality**  |  **Allocation**  | **Expenditure** | **Progress On Site**  |
| Makana | R 13 000 000,00 | 8% | 0% |
| Engcobo | R 13 661 000,00 | 30% | 60% |
| King SabathaDalindyebo | R 10 000 000,00 | 71% | 80% |
| Ntabankulu | R 10 000 000,00 | 47% | 78% |
| **FREE STATE** |
| **Municipality** |  **Allocation** | **Expenditure** | **Progress On Site** |
| Mohokare | R 11 000 000,00 | 8% | 0% |
| Tokologo | R 10 000 000,00 | 100% | 100% |
| **GAUTENG** |
| Rand West  | R10 000 000 | 4% | 0% |
| KWA-ZULU NATAL |
|  Municipality  | Allocation | Expenditure | Progress On Site  |
| Richmond | R 15 000 000,00 | 2% | 0% |
| Greater Kokstad | R 15 000 000,00 | 3% | 0% |
| uPhongola | R 15 000 000,00 | 5% | 0% |
| **LIMPOPO** |
|  **Municipality**  | **Allocation** | **Expenditure**  | **Progress On Site** |
| Greater Giyani | R 15 000 000,00 | 0% | 0% |
| Maruleng | R 4 000 000,00 | 100% | 100% |
| Molemole | R 9 000 000,00 | 5% | 10% |
| Elias Motsoaledi | R 10 000 000,00 | 0% | 32% |
| **MPUMALANGA** |
| **Municipality** | **Allocation** | **Expenditure** | **Progress On Site** |
| Albert Luthuli | R 7 232 000,00 | 15% | 35% |
| Msukaligwa | R10 128 000,00 | 81% | 90% |
| Lekwa | R 11 000 000,00 | 95% | 100% |
| Victor Khanye | R 6 600 000,00 | 83% | 85% |
| Emalaheni | R 8 000 000,00 | 99% | 35% |
| **NORTHERN CAPE** |
|  **Municipality**  | **Allocation** | **Expenditure**  | **Progress On Site** |
| Kamiesberg | R 1 200 000,00 | 0% | 0% |
| Khai Ma | R 8 000 000,00 | 4% | 0% |
| Umsobomvu | R 6 500 000,00 | 74% | 68% |
| Gamagara | R 10 000 000,00 | 29% | 0% |
|  **NORTH WEST**  |
|  **Municipality**  |  **Allocation** | **Expenditure**  | **Progress On Site**  |
| Ratlou | R 15 000 000,00 | 80% | 95% |
| Mahikeng | R 12 000 000,00 | 21% | 20% |
| Mamusa | R 5 000 000,00 | 83% | 90% |
| LekwaTeemane | R 11 500 000,00 | 65% | 90% |
| **WESTERN CAPE** |
|  **Municipality**  |  **Allocation**  | **Expenditure** | **Progress On Site**  |
| Cederberg | R 7 679 000,00 | 3% | 0% |
| Swellendam | R 7 000 000,00 | 4% | 35% |
| Beaufort West | R 12 500 000,00 | 4% | 0%  |

Although completion dates of projects above were supposed to be no later 30th June 2017, and at that time both the expenditure and progress were diminutive, general progress as reported shows that a satisfactory progress to date has been achieved.

Delays in completion dates should be acknowledged in the context of factors such as a time the decision was taken to allocate funding to these projects, actual selection and registration of projects, and municipal preferences to use their own Supply Chain Management processes over panel of transversal contractors appointed by the department.

The overall progress reported above can be summarised as follows in table 2 below:

***Table 2 : Provincial Expenditure Summary***

 

* 1. Implementation Challenges

The first year of the pilot stage for the R300 million came with its own challenges to both municipalities and department alike. Ordinarily, projects require sufficient time for planning and implementation, and the process may inevitably overlap in two financial years. In this regard both planning and implementation processes were to be undertaken within a cycle of a single financial year (2016/17) and time required to successfully complete these activities exceeded that duration of the financial year. In essence a financial year based planning as opposed to project based planning created inherent challenges to achieve completions as expected. It is for this reason that at a time projects were expected to be at the actual construction stage, they were still at the stage of appraisals and registration, and others were dealing with planning related issues like Environmental Impact Assessment to mention but two examples.

Secondly, another challenge that caused a significant delay in terms of project start time was the reluctance of municipalities to use a panel of contractors appointed in the departmental transversal contract. The Conditional Framework provided for establishment of this contract and municipalities, in the interest of expediency, were expected to select contractors from this panel. The challenge was ultimately resolved through issuing of deviation letters which allowed them to use their own SCM processes.

Lastly, some project sites approved through department’s process were declined during appraisal process conducted by Cogta, resulting in projects not been registered in the MIG-MIS, and thus compelling municipalities to look for alternative sites or completely abandoning the project.

* 1. General Programme Challenges

Additional to challenges identified above, following general challenges that manifested had a negative impact on the overall implementation programme, although some of which have been addressed in terms of the implementation plan

* Poor communication between the department and municipalities causing delay in critical activities of the project
* Alignment between MIG requirements and SRSA project selection proces
* Compliance with legislative framework that affect land development. (e.g. EIA in Gamagara and Kokstad)
* Poor/ Lack of planning for provision of sports facilities at municipal level
* Absence of project steering committees to drive and ensure implementation of projects
* Poor cooperation from some municipalities (i.e. attendance of provincial meetings, submission of reports and lack of response to communication send by department)
* Limited capacity of provincial sports departments to play expected role in the MIG value chain
* Lack of needs based National, Provincial and Local Facility Plan(s)
* Inadequate consultation with Cogta resulting, in some instances, in identification not fully compliant with MIG conditions
* Poor consultation with targeted municipalities in identifying sports projects;
* Poor alignment between SRSA selection timelines and that of the MIG grant framework;
* Limited capacity within SRSA to manage sports projects.
1. Remedial Actions

In acknowledgement of the above-mentioned challenges stakeholders had collaboratively resolved to implement the following remedial actions

* Increased technical and management support to individual municipalities
* Establishment of Provincial Project Steering Committees to ensure implementation
* Enforcement of submission of Project Implementation Plans for effective monitoring
* Improved cooperation between Department of Sports and Cogta to collaboratively resolve sticky issues during implementation of projects
* Participation in Treasury’s Rollover Meetings to ensure approval of applications for sports facilities
* SRSA must ensure cooperation of beneficiary municipalities with its PMU in respect to all phases of the project
1. Progress in 2017/18

Thirty four beneficiary municipalities were identified but none have reported commencement of construction yet. However a significant improvement have been noted compared to the previous year performance at this time. Unlike 16/17 where most municipalities received deviation letters to follow their own processes, in 17/18, more than 20 municipalities are granted such letters and number of them have started with procurement of contractors. Moreover a number of projects identified are already registered in the MIG-MIS compared to 16/17, and this will also surpass challenges enconutred previous year.

1. Alignment with National Development Plan

In terms of the NDP, provision of sport facilities is communities is critical to ensure social cohesion through sharing of common space across race and class, and also for promotion amateur talent development. Hence, the plan dictates that all settlements in the country must have access to sport and recreation facilities.

It is this context, inter alia, that compelled the department to propose a new delivery model that will ensure that facilities are built even in areas where municipalities do not have sufficient resources or lack willingness to prioritise facilities due to, supposedly, other pressing service delivery challenges.

The inclusion of sport allocation within MIG alone proved to be inadequate to ensure provision of facilities in all communities of the country as required by the Plan.

1. Alignment with National Sports and Recreation Plan (NSRP)

The NSRP recognises provision and maintenance of sport facilities as an important part of the foundation of the entire sporting system, without which it would be difficult for South Africa to achieve transformation, sports development and increased participation objectives. In essence the Plan guides that provision of facilities must also be informed by these objectives, and therefore prioritisation must not only be informed by a listing of a project in the IDP, but interrogation to validate a need in the context of these objectives is critical.

It further demonstrates that provision of a facility in itself is not an end, neither its primary objective relates to aesthetics of the area, but instead it is to ensure that an enabling environment for creation of an active and winning nation exist. For this reason both the type and level of service offered by a facility are critical and the department must exercise prudence to avoid wastage that may result of type and level of facilities not responding to basic needs of communities and clubs.

In pursuit of this ideal, the department has ensured that funds allocated to municipalities are spent on core features of the facilities and only when savings are made, none-core features could be accommodated.

1. Stakeholder Collaboration

Beyond MIG Quarterly Workshops conducted by Cogta, there are periodic engagement amongst the department, Cogta, National Treasury and South African Local Government Association (SALGA) focusing on monitoring and collaboratively addressing challenges encountered in the implementation of a ringfenced allocations.

Results that have been achieved through such engagements include:

* Consensus that site assessments conducted by department before approval and recommendations of projects must include Cogta, so as to ensure early detection in case such sites are not compliant with MIG requirements. This process will not only avoid decline of sites approved by SRSA, but will also avoid duplication of site assessment process by Cogta when it processes application for appraisal and registration.
* Collaboration during consideration of applications submitted by municipalities to ensure that such applications are in municipal MIG implementation plans. This early stage collaboration also helps SRSA to validate information submitted by municipalities, including but not limited to, use of their 5% allocated for sport, performance of municipalities in MIG projects so as to ensure stringent measure where necessary, and registration status of projects proposed. This process has started to yield positive results. In the Free State 9 of the 10 municipalities that presented their Business Plans have been returned to revise such plans to ensure full compliance with both SRSA and Cogta requirements.
* Involvement of SRSA rollover applications. Virtually all municipalities but allocated in 2016/17 did not fully spend their allocation by 30th June 2017, and were compelled to apply for rollovers. The department was required to work on motivations and participate in rollovers meetings to ensure decisions favourable to municipalities.
* Strengthening involvement of department in Cogta’s MIG monitoring and intervention meetings
1. Reporting and Evaluations

Part of the responsibilities of the Project Management Unit (PMU) appointed by the department is, together with the departmental Sport Infrastructure Support Unit, quarterly visits to municipalities, but the PMU submits monthly reports on progress made and evaluations conducted.

There has been a challenge of recognition of the PMU and cooperation from some municipalities regarding provision of information of progress and expenditure made. However, the department has recently been able to address the matter and the situation has improved.

The glaring weakness noted in implementation and monitoring of projects was absence of Project Steering Committee (PSC) meant to address sticky issues identified during implementation. Whilst issues were reported and noted during evaluation, no structure was established to address such issues, but the PSCs consisting of all relevant structures are established in some provinces already to ensure that issues are not only reported and left to municipalities, but they are addressed through involvement of relevant role-players.

1. Way forward

Implementation and enforcement of remedial actions identified above will constitute a course of action regarding wayforward and some aspects of it are already underway.

Additionally, the department will also revise its template for Technical Report to ensure inclusion of methodology municipalities use to conduct facility need analysis, additional to IDP community participation processes. This is to ensure that type and levels of facilities built are responsive to the needs of the community in general and sports and recreation sector in particular.

Furthermore, a discussion regarding development of facilities in areas not classified as poor in terms of MIG requirement is necessary. Whilst biasness towards the poor cannot be compromised, but implications of complete exclusion of affluent areas in this programme must be considered, especially in the context of both the NSRP and NDP which requires that all settlements must have access to sport and recreation facilities.