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The National Lottery gravy train that poured more than three-quarters of a billion rand in funding into the coffers of South Africa's Olympics body has been derailed. The SA Sports Confederation and Olympic Committee (Sascoc) and its predecessor, the National Olympic Committee of SA, received more than R780 million between 2003 and last year, including an amount of R7.4 million for the "Sascoc SA Games" in 2006.

At an average of R52 million a year, this has made Sascoc by far the biggest recipient of lottery funds. On top of this, Sascoc's affiliate organisations - such as athletics, swimming and table tennis - have received hundreds of millions more in lottery funding.

But now this torrent of cash has been severely curtailed after the publication of this year's "priority areas for funding" guidelines by the National Lotteries Commission (NLC). The guidelines limit the amounts for which organisations such as Sascoc and its affiliated national and regional sporting bodies can apply.

Under the new restrictions, national sports federations can apply for a maximum of only R5 million in any given year. For regional sports federations, which have also raked in millions in lottery funding over the years, the cap is R2.5 million and for affiliates of these regional federations it is R750 000.

A commission rule stipulating a "cooling-off period" of 12 months between grants has further limited these bodies' access to funds.

When Sascoc first got wind of the proposed changes late last year, then chief executive Tubby Reddy - who has since been fired following a disciplinary inquiry - complained that the commission would downgrade Sascoc to the status of a national federation.

A sharply worded commission response brought ongoing tension into the open.

In a press release posted on its website, the commission pointedly said that Sascoc, with "some NGOs", had become dependent "on one source of funding" and that the cooling-off period between grants would rectify this dependency. Despite behind-the-scenes meetings to try to heal the rift and keep the money flowing, the commission went ahead and published its new guidelines which, while not naming Sascoc and its affiliates, were clearly aimed at them.

The decision has left Sascoc reeling and in dire financial straits.

"It is a serious challenge for the organisation," Sascoc said. "The leadership of Sascoc and NLC is engaging. Advice [we have] received is that the minister of sport and the one [minister] for trade and industry will meet and discuss the new NLC regulations. We are [also] engaging and putting our case to the right authorities on this issue."

Sascoc said in the absence of commission funding, it would now have to rely on the government and the International Olympic Committee as it prepares for the 2020 Tokyo games.

"Sascoc is struggling to function as per our main mandate, but we are trying to survive under the circumstances through funding from other institutions ...

"In the short term we are doing our best to make sure athletes are catered for but long term it is going to be a challenge for us as an organisation if other corporates do not come to the party or if the NLC regulation remains as is," it said.

THE GRAVY TRAIN

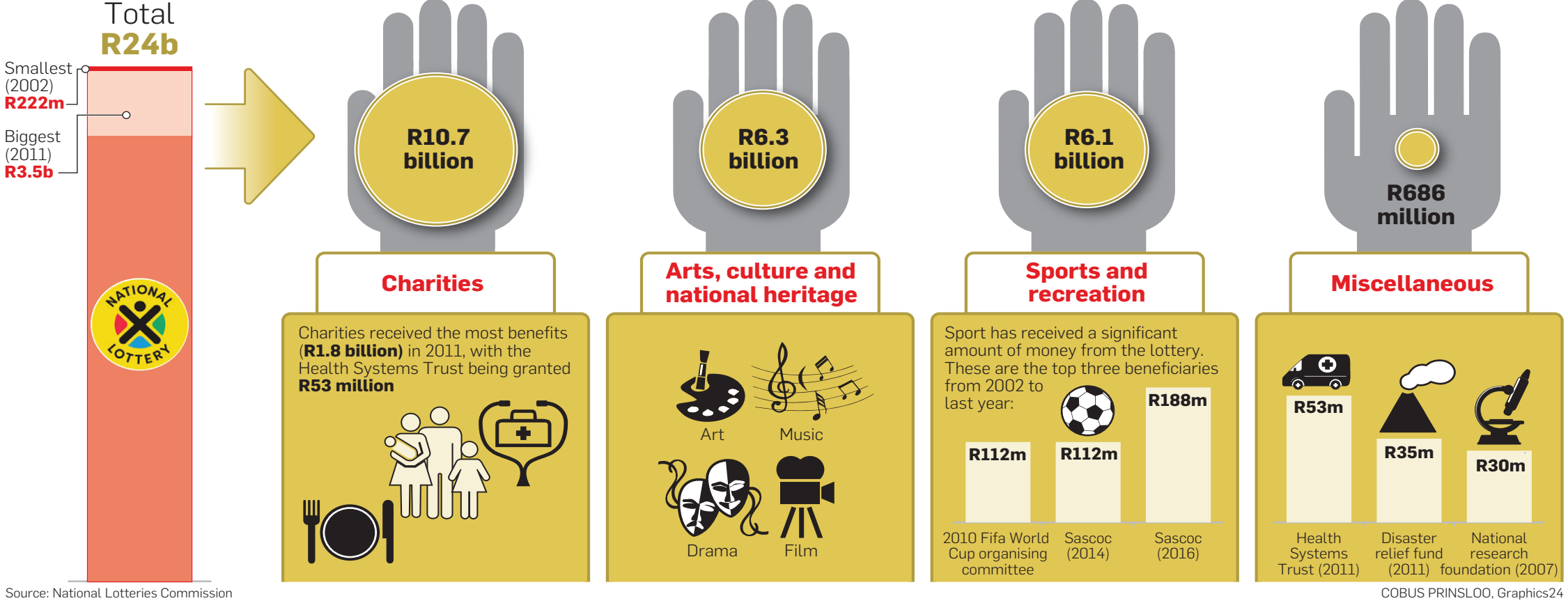
The commission's rule changes have added to Sascoc's woes after a recent inquiry into the organisation heard shocking testimony by past and present employees, including claims of maladministration and financial mismanagement, costly factional and legal battles and even sexual harassment.

The inquiry was told that Sascoc spent R2.2 million each year on allowances for its board, even though members spent less than 10% of their time discussing issues related to sport.

The inquiry, which ended in March, was led by retired Judge Ralph Zulman, assisted by Ali Bacher, a former cricket administrator, and Shamima Gaibie, a labour law expert. A report with findings and recommendations has been handed to Sport and Recreation Minister Tokozile Xasa, who is yet to reveal details or release it publicly.

While this isn't the first time Sascoc and its officials

The biggest lottery beneficiaries



Sascoc kicked off the lottery GRAVY TRAIN

Torrent of cash has been severely curtailed after the publication of this year's 'priority areas for funding' guidelines by the National Lotteries Commission

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Even as hundreds of millions poured from the NLC into the coffers of Sascoc and its affiliates over the years, athletes preparing for the 2016 Olympics were left struggling to raise money to compete

BIGWIGS Gideon Sam (left) and Tubby Reddy, axed CEO of Sascoc

PHOTO: HERMAN VERWEY AND BACKPAGEPIX

have courted public scrutiny, the commission's new rules have deepened the sense of crisis at the organisation. Despite previous bouts of bad publicity, Sascoc and its affiliates were able to draw on lavish commission grants to keep operations ticking over.

This funding peaked in 2016 - an Olympic year - when Sascoc received close to R190 million from the commission. That figure alone is more money than the commission has ever awarded any other organisation, with the sole exception of the 2010 Soccer World Cup, which scored about R200 million between 2009 and 2011. Sascoc's second-flushiest year was 2014 - the halfway point between the London and Rio de Janeiro Games - when it received just more than R110 million.

Even as hundreds of millions poured from the commission into the coffers of Sascoc and its affiliates over the years, athletes preparing for the 2016 Olympics were left struggling to raise money to compete. This did not stop Sascoc from splashing out thousands for business tickets and accommodation for a 10-day "oversight" trip to Rio during the Olympics for several Members of Parliament.

A CONFLICT OF INTEREST?

Gaming the Lottery, an international investigation into the global lottery industry, found that in most years since 2003, at least one senior Sascoc official sat on the commission's powerful sports and recreation distributing agency (SRDA), the committee in charge of allocating funding to sporting codes. In some years the number of Sascoc officials sitting on the SRDA was significantly higher - and that's not counting high-powered representatives of its affiliates.

Lottery's annual reports and dates of service provided by a Sascoc spokesperson were used to calculate these overlaps. Between 2008 and 2012 Sascoc president Gideon Sam was head of both Sascoc and the SRDA. He shared several colleagues across the two organisations, including Sascoc's vice-president Hajera Kajee, chief financial officer Vinesh Maharaj and sometime board member Ray Mali. The SRDA has since included two other serving Sascoc board members, Motlatsi Keikabile and Aleck Skhosana.

In an emailed response to questions, Tsietsi Maselwa, the head of the commission's legal division, said the SRDA had traditionally appointed active sports experts and professionals and that the commission had protocols in place to deal with potential conflicts of interest that might arise from the policy.

"Members of the relevant distributing agencies have always been required to submit annual disclosures relating to matters of 'conflict of interest' and there has always been a practice internally for members to recuse themselves in cases of conflicts including referral of some applications to different distributing agencies for adjudication, where applicable," Maselwa wrote.

"Members having a conflict are required to recuse themselves whenever matters in which they have a conflict are discussed and ... some of the projects would be given to different agencies under certain circumstances."

Nevertheless, inside and outside observers have repeatedly suggested that Sascoc officials' concomitant service on the SRDA creates, at the very least, the perception of a conflict. At a parliamentary committee hearing with Ithuba National Lottery officials in 2016, DA MP (and now national spokesperson) Solly Malatsi raised concerns that -

recusal or not - bodies that shared officials with the SRDA would have inside knowledge of how to submit a successful grant application.

And, earlier this year, Laraine Lane - a former Athletics SA (ASA) board member who was suspended by Sascoc in the aftermath of the Caster Semenya controversy - brought up the staffing of the SRDA when she testified before the Sascoc inquiry. She later sued Sascoc.

According to documents reviewed by Gaming the Lottery, Lane emailed former ASA president James Evans in 2010 to complain that Sascoc had "taken control" of the SRDA. And in 2009 an anonymous commission board member told the Mail & Guardian that "being absent from the meeting did not stop Sascoc members from influencing the distribution of more funds to federations they lead".



TO REVEAL DETAILS Sport Minister Tokozile Xasa

In mid-2011 Minister of Trade and Industry Rob Davies, whose department oversees the commission, told a lottery conference that the issue of conflicts of interest was a "challenge" and that his department would work with the commission "to develop a code of conduct that will prevent any irregularity".

The same year commission annual reports started disclosing ties between its officials and beneficiaries. (It's not clear if this development was a result of Davies' speech or any subsequent ministerial action.) It does not appear ties between SRDA members and beneficiaries were publicly disclosed before 2011. And the commission's reporting since then contains holes, a Gaming the Lottery's analysis found.

For example, Dr Harold Adams - at one stage former president Jacob Zuma's doctor - has consistently been listed in commission reports as the president of Boland Athletics, a regional ASA affiliate, which has received nearly R9 million since Adams took a seat on the SRDA in 2009. The same disclosures, however, do not appear to list Adams' role, since 2014, as national ASA vice-president - even though the ASA has received almost R40 million in lottery funds since then.

AFFILIATE GAINS

It is not clear that Sascoc officials on the SRDA have had to recuse themselves when an affiliate has applied for funding - even though Sascoc board members are elected by delegates from affiliate federations.

Ties between Sascoc and its federations go deeper than mere voting rights. Giving evidence to the ministerial committee of inquiry earlier this year, Evans said Sascoc systematically interfered with his association between 2009 and 2014, at one point suspending its entire board of directors.

Last year Skhosana served concurrently as ASA president, a Sascoc board member and a member of the SRDA. That year Sascoc and ASA got R136 million between them.

Sascoc officials on the SRDA have commonly served other sporting codes themselves. Sam has been involved with Triathlon SA, Maharaj and Mali have ties to Volleyball and Cricket SA, respectively, and Skhosana is the serving president of ASA. Many of these codes have been awarded generous lottery funding. Table Tennis SA, for example, received more than R30 million across the years. Kajee, a long-time federation leader, served on the SRDA.

For many years officials of Sascoc or one of its affiliated codes have comprised a clear majority of the SRDA. In 2012, for example, at least seven of 10 serving SRDA members worked for, or had close ties to, Sascoc and/or an affiliated athletics, rugby, table tennis, volleyball or cricket federation. Between them those federations scored at least R63 million that year.

There's no evidence these officials have done anything wrong to help benefit their codes or flouted lottery recusal rules. But it's nevertheless legitimate to question whether serving sports officials should play a role in directing lottery sports funds.

Asked whether it was appropriate for distributing agency members to be drawn from organisations funded by the commission, Maselwa said: "These appointments are not up to the commission, but surely these are matters that need to be debated openly to influence policy and/or the manner in which matters like these should be handled."

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