

SPORTS DEVELOPMENT FOUNDATION

Annual Report for the Year 2011

Pursuant to Section 3 of the Public Bodies Management and Accountability Act, the Sports Development Foundation submits its Seventeenth (17th) Annual Report for the financial year ended December 31, 2011.

1. MEMBERSHIP AND COMPOSITION OF THE BOARD

The appointment of the Board of Directors ended on December 31, 2010. The Minister of Sports requested that the persons listed below continue to serve until a new Board of Directors was appointed.

Mr. David Mais, Chairman
Mr. Lloyd Pommells
Mr. Howard Aris, CD. OD
Mr. Ian Forbes
Mrs. Ann Marie Spence-Heron
Mr. Saleem Lazarus
Mrs. Molly Rhone, OJ. CD
Mr. Compton Rodney
Mr. Emile Spence
Mr. Cecil Warren

On April 4, 2011 the Minister of Sports appointed an interim Board of Directors. The members of the interim Board were:

Mr. Lloyd Pommells, Interim Chairman
Mrs. Ann Marie Spence -Heron
Mr. Compton Rodney
Mr. Emile Spence
Mr. Cecil Warren

2. MEETINGS

Twelve meetings each of the Board of Directors, Allocations/Projects Committee and the Finance Committee were scheduled for 2011. However, during the year the following meetings were held:

- i. Eighteen (18) meetings of the Board of Directors
- ii. Thirteen (13) meetings of the Allocations/Project Committee,

- iii. Twelve (12) meetings of the Finance Committee
- iv. Three (3) meetings of the Audit committee.
- v. The extra meetings held during the year were specially convened meetings and Board retreats.
- vi. In addition Five (5) Special meetings were held by the Board with interest groups involved in sports for example the Digicel Foundation and Breds Treasure Beach Foundation.

3. REVIEW OF OPERATIONS

Throughout the year the Foundation continued to carry out its mandate which is:

- a) To promote and encourage the development and growth of talent, skills, facilities and activities concerning all aspects of sports and,
- b) To establish, fund and carry on programmes and promote the development of sporting facilities and activities.

Based on Section 59G of the Betting Gaming and Lotteries (BGL) Act the Foundation is entitled to 40% of the gaming proceeds received by the CHASE Fund. It has been the practice that each year 80% of this amount is paid as earned to the SDF. The remaining 20% is withheld by the CHASE Fund as a reserve and paid to the SDF 13 months later. This practice remained throughout the year.

Comparison of Actual and Budget for 2011

Table 1 shows a comparison of the actual income and expenditure for 2011 compared to the budgeted amounts.

Table I

	Actual \$'000	Budget \$'000	Variance \$'000
Income:			
Income from Gaming 2011	471,627	423,423	48,204
Invested Income	1,273	820	453
Other Income	587	480	108
Total Income	473,487	424,723	48,764
Expenditure:			
Administrative expenses	55,718	60,794	5,076
Grants to Government Agencies	49,272	35,811	(13,461)
Special Project: Track Meet	19,915	20,000	85
Special Allocations	28,331	20,110	(8,221)
Infrastructure Projects	151,357	153,283	1,926
National Associations	115,885	93,391	(22,494)
Athletes Welfare Grants	14,366	11,870	(2,496)
Total Expenditure	434,844	395,259	(39,585)
Surplus/(Deficit)	38,643	29,464	9,179
Net cash adjustments	50,023	66,651	(16,628)
Loan Repayment	(30,000)	(30,000)	
Net Position	58,666	66,115	(7,449)

The global financial crisis which began in 2008 continued to affect the growth of the Jamaican economy in 2011. However citizens continued to purchase gaming products resulting in an increase in income earned by the local gaming industry.

In 2011, the gross income earned from the gaming industry (\$471.627m) reflected a 9.2% increase compared to the gross income earned in 2010 (\$431.883m). Thus it appears that the gaming industry has successfully weathered the Jamaican financial storms.

Owing to increased gaming proceeds, investments were held for longer periods resulting in a 55.24% increase in investment income.

The increase in proceeds facilitated the approval of new grants to Government Agencies, National Associations and other organizations involved in sport development.

Infrastructure Projects (Appendix 1):

During 2011, the SDF, spent \$151.357m (2010-\$88.732m) on the following infrastructure projects:

- 8 fenced multipurpose courts in 3 communities, 4 schools in 4 parishes and 1 at the Stadium Complex ;
- Fencing at two complexes;
- Rehabilitation of 2 playfields in 2 parishes;
- 1 BMX bike track which is still under construction;
- Established a well at the Breds Treasure Beach Complex and,
- The replacement of the running track in the National Stadium
- Commencement of the installation of a new running track at Stadium East.

In 2010, the SDF received approval from the Cabinet and the National Contract Commission to undertake the replacement of the running tracks in the National Stadium and at Stadium East at a cost of \$97.132m. Owing to constraints in funding the Foundation could only accomplish the replacement of the running track in the Stadium. This project was completed in July 2011 at a cost of \$77.989m

In October 2011, Independence Park submitted a request for the replacement of the running track at Stadium East at a cost of \$35.230m. This was " 180,500 more than the original quotation owing to price increase of raw materials on the world market. The Foundation sought and received approval from the National Contracts Commission for this variance in price. In order to fund this project the Foundation requested an advance payment of its reserves held by the CHASE Fund.

Berleburger Schaumstoffwerk (BSW) was contracted to install the new track at Stadium East. At the end of the year \$29.225m was spent on this project.

National Associations (Appendix 2):

The amount of \$115.885m (2010-\$119.925m) was paid to 41 National Associations to provide funding for development programmes, administrative expenses, the training of athletes and administrators and for their participation in national and international competitions. Details are given in Appendix 2. The SDF's contribution represented approximately 25% of the Budgets submitted by the National Associations.

Government Agencies (Appendix 3)

In 2011, the Foundation provided funding to Government Agencies as follows:

- a) Institute of Sports: \$16.457m (2010-\$38.485m) . For competitions and development and coaching programmes.
- b) Social Development Commission: \$17.936m (2010-\$17.940m) - To provide training and competition at the community level. The amount also includes a grant of \$2.650m towards the staging of the national 20/20 Cricket Competition.
- c) Independence Park Limited: \$5.896m (2010-\$20.080m) . The provision of a monthly subvention to this agency began in 2010. These funds were provided to facilitate the maintenance of the National Stadium and Trelawny Multipurpose Complexes.
- d) G. C. Foster College of Physical Education & Sport: \$8.983m (2010-\$8.017m) . To provide funding for the sports curriculum for the development of coaches & physical education teachers. The G.C. Foster College of Physical Education & Sport continues to produce the majority of coaches who are now successfully sharing their talents in schools, clubs and communities across Jamaica. Many of Jamaica's national sporting associations are now benefitting from the technical skill of coaches who are products of this institution. The training has impacted the competitiveness and success of athletes, particularly in football, track & field, netball and cricket. In addition the SDF provided funding for the construction of a baseball field (diamond) at the College. This will be the first such facility in the island.

Staffing:

The staff complement remained unchanged throughout the year. The General Manager of Independence Park Limited continued to act in the position of General Manager.

4. OTHER ACTIVITIES OF THE SDF

In 2008 the Foundation began participating in the Constituency Development Fund (CDF) Programme. The SDF was commissioned to undertake aspects of the CDF programme related to Sports. At the start of this programme it was anticipated that the volume of work would necessitate the employment of additional staff. This has not materialized. Tables 2 and

3 provide a summary of the amounts spent on projects in the respective constituencies since the inception of the programme:

Table 2

CDF Funds received(\$Jm)	Amount spent (\$Jm)	Amount refunded (\$Jm)	Work in Progress (\$Jm)
50.411	29.889	13.896	6.626

Table 3

Constituency	Projects	Implemented Projects	Aborted Projects
South East St. Andrew	Clubhouse repairs & fencing	Yes	
South East St. Catherine	Court, Field & Fencing	Yes	
South Trelawny	Court & Fencing	Yes	
South Trelawny	Field		Yes
South St. Catherine	Court & Fencing	Yes	
East Central St. Andrew	Football field	Yes	
North Manchester	Field	Yes	
St Andrew East Rural	Court, Lighting, Fence		Yes
West Central St. James	Court		Yes
North East St. Catherine	Court & Fencing	Yes	
Western Westmoreland	Court	Yes	
North West St. Catherine	Fencing	Yes	
West Central St. Catherine	Fencing	Yes	

The decision to abort certain projects was based on the prevailing circumstances in each case. In the case of South Trelawny the field was aborted owing to the fact that the location chosen would have resulted in the expenditure of a significant sum (approximately \$40m) to provide adequate drainage for the field.

In St. James, the contractor faced serious threats from the community and it was thought best to abort this project.

With regard to the projects slated for St. Andrew East Rural, these estimates were done by the KSAC and were grossly undervalued in comparison to the existing scope of work and were aborted for reassessment.

5. CHANGES TO THE CORPORATE PLAN

There was no need to modify our corporate plan.

6. SUMMARY OF THE ACHIEVEMENT OF THE SDF MEASURED AGAINST PERFORMANCE TARGETS

Administrative Expenses:

Administrative expenses for the year under review totalled \$55.718m. The budget for the year was \$60.794m. Thus administrative expenses were less than budgeted.

This resulted from:

- The efficient management of our resources and the implementation of new controls to further mitigate waste.
- The dedication and commitment of the staff to continue to increase efficiency notwithstanding the existing constraints.

Infrastructure:

It was budgeted that \$153.283m would be spent on ongoing and new projects in 2011. During the year \$151.357m was spent on infrastructure projects. In October 2011, the Foundation was asked to fund the replacement of the running track in Stadium East. In order to facilitate this project, some projects approved in 2011 had to be delayed to 2012.

We exceeded our targets in the grants to National Associations and Government Agencies as follows:

National Associations:

Funding of \$115.885m was provided, against targeted expenditure of \$93.391m. Greater demands by National Sport Associations to support their programmes resulted in our projections being surpassed. As the marketplace continues to experience the effects of the global recession, it has become more difficult for these Associations to garner funding from the private sector. Owing to increased revenue compared to budget in 2011, it was possible to provide increased support to the National Associations.

The main beneficiaries of additional funding were:

- The Jamaica Athletic Administrative Association (\$4.435m),
- The Jamaica Badminton Association (\$3.500m),
- The Jamaica Basketball Association (\$2.000m),
- The Jamaica Football Federation (\$3.072m),
- The Jamaica Hockey Federation (\$1.322m)
- The Jamaica Netball Association (\$2.000m) and
- The Jamaica Paralympic Association (\$1.000m).

Government Institutions:

Grants totalling \$49.272m significantly exceeded target of \$35.811m. This was due to additional grants made to:

- a. The Social Development Commission a grant of \$2.650m for the 20/20 Cricket Competition and an increase in their annual subvention from \$10.286m to 15.286m.
- b. Independence Park Limited (\$2.000m) for the hosting of the CONCACAF Under 17 Football competition and (\$0.556m) for training costs for the Women's Basketball team and,

- c. G.C. Foster College (\$0.705m) for the construction of a baseball diamond field and (\$0.250m) for hosting a volleyball competition

7. **FORECASTS AND PROJECTIONS OF KEY FINANCIAL AND OPERATING MEASURES FOR THE YEAR 2012**

Table 4

Key Output	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Multipurpose courts for netball, basketball, tennis and volleyball. Football field that will meet acceptable standards Running track at Stadium East	\$46.811m	\$20.900m	\$20.300m	\$32.470m	\$120.481m
Improve administrative and technical development of sports.	\$24.015m	\$24.586m	\$25.415m	\$23.915m	\$97.931m
Enhance sports curriculum. Increase community sports development and preparation of national teams	\$11.386m	\$11.386m	\$11.386m	\$11.386m	\$45.544m
<u>Special Project</u> Jamaica International Invitational Track Meet	\$8.000m	\$12.000m			\$20.000m
<u>Athletes Welfare</u> Assist athletes and administrators for training, scholarships, medical expenses and other welfare needs	\$11.012m	\$1.980m	\$4.300m	\$1.800m	\$19.092m
<u>Special Allocations</u> To assist in funding other sport related activities and Jamaica 50 sporting events	\$16.707m	\$14.916m	\$13.488m	\$17.688m	\$62.799m
Total	\$117.931m	\$85.768m	\$74.889m	\$87.259m	\$365.847m

8. **CONCLUSION**

Owing to the withdrawal of \$100m from our fund entitlement in 2010 as part of the Government Economic programme, the resources of the Foundation were depleted. In 2011, the Foundation had the challenge of rebuilding our Reserve Fund. The increase in gaming proceeds (\$48.205m) compared to budget facilitated the approval of some of the numerous

requests received during the year. Thus owing to the demands on the Foundation the rebuilding of the Reserve Fund could not be fully achieved in 2011.

In light of the factors highlighted above the Foundation has budgeted a decrease in its total allocations for 2012. Details are given in Table 5.

Despite this challenge the Foundation will continue to provide sports facilities and programmes in the pursuit of its mandate.

Table 5

Budget Item	\$'000 Actual 2010	\$'000 Actual 2011	\$'000 Budget 2012
Infrastructure projects	88,732	151,357	120,481
National Associations	119,925	115,885	97,931
Government Agencies:			
a. Institute of Sports	38,486	16,457	16,457
b. Social Development Commission	17,940	17,936	16,953
c. G. C. Foster College	8,017	8,983	8,794
d. Independence Park Limited	20,080	5,896	3,340
Jamaica Invitational Track Meet	22,320	19,915	20,000
Special Allocations	19,030	28,331	62,799
Athletes Welfare	11,894	14,366	19,092
Total	346,424	379,126	365,847

The Board will continue to work closely with the Ministry of Sport to ensure that the objectives of the Foundation are met.

March 29, 2012

Appendix 1

Project Expenses Analysis for 2011 (\$J)

Courts

Parish	No	Amount	Location
Kingston & St. Andrew	3	5,279,894	Pembroke Hall. National Stadium , Calabar High School
St. Elizabeth	1	2,458,446	Newell High
Trelawny	1	3,608,251	Wilson's Run Primary
Manchester		8,850	Knox High
St. Catherine	2	5,125,390	Frazier's Content, Victoria All Age
Portland	1	3,501,653	Shrewsbury
Goals		296,240	Tivoli ,Kensington Primary
TOTAL	8	20,278,724	

Fencing

Parish	No	Amount	Location
Kingston & St. Andrew	1	175,000	Olympic Gardens
St. Elizabeth	1	2,139,778	Vineyards
TOTAL	2	2,314,778	

Fields

Parish	No	Amount	Location
Hanover	1	1,895,161	Knockalva High
Trelawny	1	5,000,000	Trelawny Multipurpose Complex
TOTAL	2	6,895,161	

Running Tracks

Parish	No	Amount	Location
Kingston & St. Andrew	1	77,989,180	Main Stadium Track
Kingston & St. Andrew	1	29,225,137	Stadium East
St. Mary	1	2,238,200	
TOTAL	3	109,452,517	

Clubhouses, Complexes

Parish	No	Amount	Location
Clarendon	1	2,000,000	Hazeldene
Kingston & St. Andrew	2	429,627	Gordon Town ,Tivoli
Kingston & St. Andrew	1	4,510,470	Painting of National Stadium
St. Elizabeth	1	3,277,820	Well at Treasure Beach Complex
TOTAL	5	10,217,917	

Equipment, Signs& Other Projects

Parish	No	Amount	Location
Equipment Islandwide		399,678	
Kingston & St. Andrew	3	1,797,797	Stadium, New Day All Age, Barbican
TOTAL	4	2,197,475	

Total Projects 2011 \$151,356,572

Appendix 2

Grants to National Associations 2011 (\$J)

Association	Amount
Amateur Swimming Ass of Ja	3,270,000
Equestrian Federation	1,200,000
Ja Intercollegiate Sports Assn	1,450,000
Ja Athletic Administrative Assn	11,394,881
Ja Amateur Basketball Assn	5,240,000
Ja Amateur Gymnastics Assn	2,618,000
Ja Amateur Softball Assn	981,000
Assn of Sports Medicine	1,200,000
Ja Badminton Assn	5,240,000
Ja Bobsleigh Federation	1,000,000
Amateur Bodybuilding Assn	960,000
Boxing Board of Control	1,680,000
Ja Chess Federation	500,000
Ja Cricket Association	10,680,000
Ja Cycling Federation	1,704,954
Ja Football Federation	21,072,600
Ja Golf Association	2,600,000
Ja Hockey Federation	3,242,515
Ja Netball Association	10,238,000
Ja Paralympic Association	2,680,000
Ja Racing Commission	0
Ja Rifle Association	271,250
Ja Rugby Union	1,550,000
Ja Skeet Club	500,000
Ja Ski Federation	1,200,000
Ja Visually Impaired Cricket	1,200,000
Ja Surfing Association	1,200,000
Ja Squash Association	1,680,000
Ja Table Tennis Association	1,800,000
Tae-Kwon Do Association	500,000
Ja Triathlon Association	500,000
Ja Volleyball Association	2,070,500
National Domino Bodies	1,568,773
Special Olympics Jamaica	3,264,000
Tennis Jamaica	3,720,000
IAAF High Performance Centre	960,000
Ja Race Car Drivers Club	788,686
Seido Karate Association	720,000
Multicare Foundation	2,040,000
Ja Olympic Association	1,200,000
Ja Cricket Umpires Assn	200,000
TOTAL	115,885,159

Appendix 3

Grants to Government Agencies 2011 (\$J)

Agency	Amount
G.C. Foster College	8,982,560
Institute of Sports	16,457,189
Independence Park Ltd	5,896,387
Social Development Com.	17,935,743
TOTAL	49,271,879

Appendix 4

Directors Compensation 2011 (\$J)

Position of Director	Gross Fees	Motor Vehicle Upkeep/ Travelling	Honoraria	All other Compensation cash and non cash	Total
Chairman	94,000	174,582		24,000	292,582
Interim Chairman	352,000	44,800		72,000	468,800
Director	55,000	44,800		12,000	111,800
Director	135,500	10,752		36,000	182,252
Director	32,500	3,136		12,000	47,636
Director	37,000	5,712		12,000	54,712
Director	44,000	1,960		45,000	90,960
Director	263,000	38,416		36,000	337,416
Director	192,500	16,128		22,397	231,025
Director	136,000	7,056		36,000	179,056
TOTAL	1,341,500	347,342		307,397	1,996,239

Appendix 5

Compensation

Senior Management's Emoluments 2011 (\$J)

Position	Basic Pay	Gratuity or Performance Incentive	Motor Vehicle Upkeep/Travelling	Pension or other Retirement Benefit	Other Allowances	Non-Cash Benefit	Total
Acting General Manager	953,333		253,290				1,206,623
Financial Controller	2,654,184		796,500	132,709			3,583,393
Chief Engineer	2,300,000		796,500	114,063			3,210,563
TOTAL	5,907,517		1,846,290	246,772			8,000,579

All emoluments are stated before tax.

On May 1, 2010, an Acting General Manager was appointed. This person is shared with Independence Park Limited. On May 1, 2011, the allowance payable to the Acting General Manager was increased from \$780,000 to \$1,040,000 p.a.