

SPORTS DEVELOPMENT FOUNDATION

Annual Report for the Year 2012

Pursuant to Section 3 of the Public Bodies Management and Accountability Act, the Sports Development Foundation submits its Eighteenth (18th) Annual Report for the financial (calendar) year 2012.

1. MEMBERSHIP AND COMPOSITION OF THE BOARD

The appointment of the Board of Directors ended on January 31, 2012. The new Minister of Sports on February 1, 2012 appointed the persons listed to serve as the Board of Directors.

Dr. Warren Blake, Chairman
Dr. Donovan Bennett
Captain Horace Burrell
Hon. Michael Fennell, OJ. CD
Mrs. Deon Hemmings- McCatty, OD
Major Kevron Henry
Hon. Molly Rhone, OJ. CD
Mr. Compton Rodney
Mrs. Elizabeth Thompson

2. MEETINGS

Twelve meetings each of the Board of Directors, Allocations/Projects Committee and the Finance Committee were scheduled for 2012. However, during the year the following were held:

- i. Twelve (12) meetings of the Board of Directors
- ii. Ten (10) meetings of the Allocations/Project Committee,
- iii. Thirteen (13) meetings of the Finance Committee
- iv. Three (3) meetings of the Audit committee.
- v. One (1) meeting of the Public Relations Committee and
- vi. Four (4) meetings of the Secretariat Committee

3. REVIEW OF OPERATIONS

Throughout the year the Foundation continued to carry out its mandate of:

- a) Promoting and encouraging the development and growth of talent, skills, facilities and activities concerning all aspects of sports and,
- b) Funding programmes aimed at promoting 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. Owing to the increasing demand for funding sport and sporting activities, during the year the Foundation through the Ministry of Sport requested an increase in the percentage of the CHASE Fund allotted to sport. The Foundation awaits a response to this request.

A. Comparison of Actual and Budget for 2012

Table 1 shows a comparison of the actual income and expenditure for 2012 compared to the budgeted amounts.

Table 1

	Actual \$'000	Budget \$'000	Variance \$'000
Income:			
Income from Gaming 2012	531,707	451,746	79,961
Invested Income	5,594	847	4,747
Other Income	1,215	480	735
Total Income	538,516	453,073	85,443
Expenditure:			
Administrative expenses	71,035	72,169	1,134
Grants to Government Agencies	45,618	45,544	(74)
Special Project: Track Meet	31,985	20,000	(11,985)
Special Allocations	38,722	62,799	24,077
Infrastructure Projects	44,141	120,481	76,340
National Associations	172,808	97,931	(74,877)
Athletes Welfare Grants	22,935	19,092	(3,843)
Total Expenditure	427,244	438,016	10,772
Surplus/(Deficit)	111,272	15,057	96,215
Net cash adjustments	146,551	504	146,047
Distribution payment		(753)	753
Net Position	257,823	14,808	243,015

B. Income

In 2012 the Jamaican economy continued to be affected by the global financial crisis which began in 2008. However the sale of gaming products was not negatively impacted as citizens continued to purchase these products resulting in an increase in income earned by the local gaming industry.

The gross income earned in 2012 of \$531.707m reflected a 12.74% increase compared to the gross income earned in 2011 (\$471.627m).

Owing to increased gaming proceeds, investments were held for longer periods resulting in a 560.45% increase in investment income.

The increase in proceeds facilitated the approval:

- a) Of new grants to National Associations,
- b) The increase in grants from the Athletes Welfare Fund and,
- c) The payment of awards to athletes and officials who participated in the 2012 Olympic and Paralympic Games.

C. Sports Infrastructure Projects (Appendix 1):

During 2012, the SDF, spent \$44.141m (2011-\$151.357m) on infrastructure projects which included the:

- Completion of the installation of a new running track at Stadium East (\$14.227m)
- Construction of Multipurpose courts at 4 schools and equipment (goals) for courts at facilities including 3 schools (\$10.646m),
- Fencing at three sites (Frazer Content, Rusea High and Edwin Allen High-\$3.394m),
- Maintenance of the Mona Hockey Turf (\$1.980m),
- Rehabilitation of playfield at 2 schools (Rusea and Edwin Allen High -\$9.202m),
- Completion of the BMX bike track (\$0.779m) and
- Installation of a solar pump for the well established at the Breds Treasure Beach Complex (\$1.156m).

Owing to the specialist nature of the construction of sports infrastructure, the Foundation experiences challenges in identifying appropriate categories on the National Contractors Commission list from which contractors are to be selected. This is because there are no specific categories for example for the:

- a. Construction of multipurpose courts
- b. Construction of playfields
- c. Installation of swimming pool equipment and repair of same
- d. Installation of synthetic sports surfaces

Since inception the Foundation has been using categories of the nearest fit on the National Contracts Commission (NCC) List. This has proved challenging as we are faced with selecting contractors with little or no real experience in the construction of sports infrastructure and quality has only been achieved by intensive management and oversight of these projects by our Projects Staff. In order to address these challenges the Foundation sought the assistance

of the Ministry of Finance, the ministry with final authority for the procurement guidelines. We were unsuccessful in achieving the addition of new categories to the National Contracts Commission list.

In 2012, the Foundation budgeted to replace the filters at the National Stadium pool. Owing to the absence of an appropriate category on the National Contracts Commission List, choosing a contractor to undertake this project provided difficult. The Foundation found a category of %nearest fit+and sought advice on the use of this category as well as the use of an appropriate category for the installation of synthetic sports surfaces. The National Contracts Commission recommended the use of the process of prequalification to seek personnel in order to address the procurement issues relating to swimming pools and synthetic surfaces. Overcoming these hurdles took most of 2012 and as a result two of the major projects planned for the year were not implemented. These projects are:

- i. The replacement of the filters at the National Stadium Pool and
- ii. The installation of new synthetic surfaces at the Leila Robinson Court.

As a result the infrastructure expenditure for 2012 reflects a 70.75% decline compared to the expenditure for 2011.

Other Infrastructure Activities

i. Constituency Development Fund Programme

Since 2008 the Foundation began participating in the Constituency Development Fund (CDF) Programme as we were commissioned to implement the aspects related to sports. Owing to the economic challenges facing the country the funds allocated to each Member of Parliament has decreased significantly. This has decreased the number of sports projects implemented. Tables 2 and 3 provide a cumulative 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)	Balance of Fund (\$Jm)	Interest earned (\$m)	Total Managed Fund Balance (\$m)
58.587	40.640	17.367	0.580	1.955	2.535

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, Wall	Yes	
North Manchester	Field	Yes	
St Andrew East Rural	Court, Lighting, Fence		Yes

West Central St. James	Court		Yes
North West St. Andrew	Lighting	Yes	
North East St. Catherine	Court & Fencing	Yes	
Western Westmoreland	Court	Yes	
North West St. Catherine	Fencing	Yes	
West Central St. Catherine	Fencing	Yes	

During the year under review the Foundation received funding for only two projects (\$7.309m), that is, the construction of a wall at the Maxfield Park sports complex in East Central St. Andrew and the installation of lighting at the Pembroke Hall Sports Complex.

ii. Sports Projects in Sugar Dependent Areas

As part of the sugar divestment programme, the European Union provided funding for the establishment of sports infrastructure in sugar dependent areas (SDA) in seven parishes in Jamaica. These parishes are:

- a) Clarendon
- b) Hanover
- c) St. Catherine
- d) St. Elizabeth
- e) St. Thomas
- f) Trelawny
- g) Westmoreland

A Memorandum of Understanding (MOU) in the amount of \$213m for the implementation/rehabilitation of sporting facilities in the parishes listed above was signed by the Foundation and the Ministry of Agriculture in April 2012. This MOU designates the SDF as the implementing agency. Tables A and B below highlight the activities for 2012.

Table A

Parish	Location	Project types	Status
Clarendon	Toll Gate	court, field, fencing	Work in progress at site
Hanover	Logwood	court, field, fencing	Work in progress at site
St. Catherine	Marlie Acres, Chedwin Gardens, Dunbeholden, Lluidasvale, Lime Tree Grove	court, field, fencing	Work in progress at all sites
St. Elizabeth	Elim	Field, fencing ,clubhouse	Tendering to be done
St. Thomas	Lyssons	court, field, fencing	Work in progress at site
Trelawny	Bunkers Hill	court, field, fencing	Work in progress at site
Westmoreland	Delveland, New Market Oval	court, field, fencing	Work in progress at one site

Table B

Funds received (\$Jm)	Amount spent (\$Jm)	Balance in fund (\$Jm)
115.334	38.570	76.763

D. National Sports Associations (Appendix 2):

In 2012 \$172.808m (2011-\$115.885m) was paid to 42 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 only about 25% of the budgets submitted by the National Associations.

E. Government Agencies (Appendix 3)

In 2012, the Foundation provided funding to Government Agencies as follows:

- a. Institute of Sports: \$16.457m (2011-\$16.457m) . For competitions and development and coaching programmes.
- b. Social Development Commission: \$16.952m (2011-\$17.936m) - To provide training and competitions (such as the national 20/20 cricket series) at the community level.
- c. Independence Park Limited: \$3.414m (2011-\$5.896m) . The provision of a monthly subvention to this agency began in 2010. These Funds are being provided to supplement the maintenance costs for the National Stadium and Trelawny Multipurpose Complexes.
- d. G. C. Foster College of Physical Education & Sport: \$8.794m (2011-\$8.983m) . 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 have been benefitting from the technical skill of coaches who are products of this institution. The training has resulted in improved rankings of Jamaican athletes particularly in football, track & field, netball and cricket.

F. Staffing:

On April 1, 2012, the Foundation ceased sharing the position of General Manager with Independence Park Limited. The position of General Manager remained vacant at the end of the year. In the interim Ms. Hanson has been acting in the position.

4. CHANGES TO THE CORPORATE PLAN

There was no need to modify our corporate plan.

5. **OTHER ACTIVITIES OF THE SDF**

In 2012, the Government of Jamaica awarded athletes and officials who had participated in the London 2012 Olympic and Paralympic Games with ex gratia payments. The Sports Development Foundation spent \$22.772m to make these payments. The increased proceeds received in 2012 facilitated payment of these expenses.

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

Administrative Expenses:

Administrative expenses for the year under review totalled \$71.035m. The budget for the year was \$72.169m. 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.

Sports Infrastructure:

It was budgeted that \$120.481m would be spent on ongoing and new projects in 2012. During the year only \$44.141m was spent on infrastructure projects. This was mainly owing to the procurement challenges highlighted. As a result the main projects scheduled for 2012 were not achieved and have been carried forward to 2013.

National Sports Associations:

We exceeded our targets in the grants to National Associations. Funding of \$172.808m was provided, against targeted expenditure of \$97.931m. 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 2012, it was possible to provide increased support to the National Associations.

The main beneficiaries of additional funding were:

- The Jamaica Athletic Administrative Association (\$4.000m). Funds were provided for the hosting of the 2012 National Trials held for the selection of the team that represented Jamaica at the 2012 London Olympics.

- The Jamaica Netball Association (\$4.330m). The Foundation provided funding for the participation of the Sunshine Girls in the American Federation of Netball Championship. Jamaica placed first in this competition.
- The Jamaica Visually Impaired Cricket Association (\$2.214m). This grant was provided to ensure the participation of our blind cricketers in the first World Blind T20 tournament held in Bangalore India.
- The Jamaica Basketball Association (\$2.225m). These funds facilitated the participation of the national female and male teams in the Centro Basketball Tournament. For the first time the male team was successful in qualifying for the next level in the Tournament of the Americas.
- The Jamaica Football Federation (\$42.837m). Funds were provided to facilitate the successful qualification of the Reggae Boyz in the first round of the 2014 World Cup Football campaign.
- The Jamaica Hockey Federation (\$2.689m) The Foundation financed the participation of a male and female team in the Junior Pan American Championships held in Mexico. At this championship the captain of the male team placed 2nd in the overall scoring of goals.
- The Jamaica Cricket Association (\$2.861m) The Cricket Association received support for the preparation of teams prior to their participation in regional competitions.
- The Jamaica Volleyball Association (\$1.750m) Funding was granted to enable Jamaica to host the 2014 Women's World Championship Qualifier in Kingston. Our female team won the gold medal at this championship. The success of the event has also resulted in Jamaica being asked to host the next round of Women's Qualifiers in 2013.
- The Association of Domino Bodies (\$1.531m) This Association received funding to host the 2012 World Domino Championship. Owing to the inability to secure a suitable venue the championship was relocated to another country.
- Jamaica Intercollegiate Sports Association (\$1.800m) A team selected by the Jamaica Intercollegiate Sports Association participated in the inaugural World University Games held in Cape Town, South Africa. The netball team won a bronze medal and the track and field team placed 2nd winning 9 medals: 6 gold, 2 silver and one bronze at these games.
- The Jamaica Badminton Association (\$1.625m) This Association hosted a training course for level one coaches in the English speaking Caribbean at the G.C. Foster College. This course was initiated by Badminton World Federation to increase the number of young athletes playing the sport in the region.
- The Jamaica Paralympic Association (\$1.750m). Funding was provided for the team preparation and participation in the London 2012 Paralympic Games. Two athletes met the qualifying standards for these games, a first for Jamaica and the Caribbean region. One of these athletes won a gold medal in his event.

Government Institutions:

Grants made to Government Agencies of \$45.618m were in line with the budgeted amount for 2012. As the revenue for the year exceeded the budgeted amount, there was no need to decrease the grants to these agencies.

7. FORECASTS AND PROJECTIONS OF KEY FINANCIAL AND OPERATING MEASURES FOR THE YEAR 2013

Table 4

Key Output	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	Total
Multipurpose courts for netball, basketball, tennis and volleyball. Football field that will meet acceptable standards Replacement of pool filters and synthetic surfaces –National Stadium	\$98.248m	\$61.850m	\$40.240m	\$36.010m	\$236.348m
Improve administrative and technical development of sports through grants to national sports associations.	\$26.219m	\$29.694m	\$26.919m	\$26.589m	\$109.421m
Enhance sports curriculum. Increase community sports development.	\$11.386m	\$11.386m	\$11.386m	\$11.386m	\$45.544m
<u>Special Project</u> Jamaica International Invitational Track Meet	\$9.500m	\$13.300m			\$22.800m
<u>Athletes Welfare</u> Assist athletes and administrators for training, scholarships, medical expenses and other welfare needs	\$7.831m	\$3.269m	\$5.300m	\$1.800m	\$18.200m
<u>Special Allocations</u> To assist in funding other sport related activities ,provide additional support of National Associations	\$34.036m	\$14.546m	\$16.546m	\$14.747m	\$79.875m
Total	\$187.220m	\$134.045m	\$100.391m	\$90.532m	\$512.188m

8. CONCLUSION

The construction/installation of sports infrastructure is very precise and must satisfy the specific requirement of the particular sport(s). Owing to limitation in the categories on the National Contracts Commission list which do not address the needs of sport, the Foundation faces delays in selecting qualified and experienced contractors to accomplish sports infrastructure projects. It is hoped that the representations made by the Foundation to our parent ministry and the Ministry of Finance will result in the appropriate changes being made to the procurement guidelines which will enable us to be more efficient and effective.

In light of the factors highlighted above the Foundation has budgeted for an increase in its total allocations for 2013 with the hope that we will accomplish the projects carried forward from 2012. Details are given in Table 5.

Table 5

Budget Item	\$'000 Actual 2011	\$'000 Actual 2012	\$'000 Budget 2013
Infrastructure projects	151,357	44,141	236,348
National Associations	115,885	172,808	109,421
Government Agencies:			
a. Institute of Sports	16,457	16,457	16,457
b. Social Development Commission	17,936	16,952	16,952
c. G. C. Foster College	8,983	8,794	8,794
d. Independence Park Limited	5,896	3,414	3,341
Jamaica Invitational Track Meet	19,915	31,985	22,800
Special Allocations	28,331	38,722	79,875
Athletes Welfare	14,366	22,936	18,200
Total	379,126	356,209	512,188

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

March 21, 2013

Appendix 1

Project Expenses Analysis for 2012 (\$J)

Courts

Parish	No	Amount	Location
Kingston & St. Andrew	1	225,695	WolmersqBoys School
Clarendon	1	3,384,264	Edwin Allen High
Manchester	1	2,904,560	Knox High
St. Ann	1	3,003,685	Exchange All Age
Goals		1,128,600	Tivoli ,Allman Town Primary, Mannings Hill Primary, Family Court, Frazer Content, Lincoln Kirk Primary
TOTAL	4	10,646,804	

Fencing

Parish	No	Amount	Location
St. Catherine	1	568,410	Frazer Content
Hanover	1	2,095,839	Rusea High School
Clarendon	1	1,278,828	Edwin Allen High School
St. Elizabeth, Trelawny, Portland		21,500	Vineyards, Wilson Run, Shrewsbury
TOTAL	3	3,964,577	

Fields

Parish	No	Amount	Location
Hanover	1	5,995,176	Rusea High School
Clarendon	1	3,207,238	Edwin Allen High School
Kingston	1	1,980,000	Mona Hockey Turf
TOTAL	3	11,182,414	

Running Tracks

Parish	No	Amount	Location
Kingston & St. Andrew		14,227,385	Stadium East
St. Mary		779,100	BMX Track
TOTAL		15,006,485	

Clubhouses, Complexes, Lighting

Parish	No	Amount	Location
Kingston & St. Andrew	1	194,151	Lighting at Pembroke Hall court
St. Mary		18,500	Eden Park Complex
St. Elizabeth		1,155,864	Well at Treasure Beach Complex
TOTAL	1	1,368,515	

Equipment, Signs& Other Projects

Parish	No	Amount	Location
Equipment Islandwide		1,972,518	
TOTAL		1,972,518	

Total Projects 2012 \$44,141,313

Appendix 2

Grants to National Associations 2012 (\$J)

Association	Amount
Amateur Swimming Ass of Ja	4,256,040
Equestrian Federation	1,700,000
Ja Intercollegiate Sports Assn	2,300,000
Ja Athletic Administrative Assn	10,960,000
Ja Amateur Basketball Assn	5,464,722
Ja Amateur Gymnastics Assn	1,588,500
Ja Amateur Softball Assn	300,000
Assn of Sports Medicine	1,900,000
Ja Badminton Assn	3,365,000
Amateur Bodybuilding Assn	890,000
Boxing Board of Control	1,680,000
Ja Chess Federation	1,750,000
Ja Cricket Association	13,541,525
Ja Cycling Federation	1,680,000
Ja Football Federation	59,636,800
Ja Golf Association	2,760,000
Ja Hockey Federation	4,609,357
Ja Netball Association	12,568,813
Ja Paralympic Association	3,430,000
Ja Rugby Union	1,200,000
Ja Rugby League	1,300,000
Ja Skeet Club	808,000
Ja Ski Federation	1,200,000
Ja Visually Impaired Cricket	3,414,803
Ja Surfing Association	1,200,000
Ja Squash Association	1,900,000
Ja Table Tennis Association	2,875,345
Tae-Kwon Do Association and Federation	570,000
Ja Triathlon Association	500,000
Ja Volleyball Association	3,670,000
National Domino Bodies	2,131,228
Special Olympics Jamaica	3,764,000
Tennis Jamaica	4,220,000
IAAF High Performance Centre	960,000
Ja Race Car Drivers Club	720,000
Seido Karate Association	920,000
Multicare Foundation	2,640,000
Ja Olympic Association	1,583,726
Ja Cricket Umpires Assn	600,000
Ja Deaf Sports Association	2,200,000
Physical Education Association	50,000
TOTAL	172,807,859

Appendix 3

Grants to Government Agencies 2012 (\$J)

Agency	Amount
G.C. Foster College	8,794,227
Institute of Sports	16,457,189
Independence Park Ltd	3,414,041
Social Development Com.	16,952,410
TOTAL	45,617,867

Appendix 4

Directors Compensation 2012 (\$J)

Position of Director	Gross Fees	Motor Vehicle Upkeep/ Travelling	Honoraria	All other Compensation cash and non cash	Total
Chairman	222,000	25,368		33,000	280,368
Director	170,500	17,024		33,000	220,524
Director	11,000	896		6,000	17,896
Director	113,500	13,328		33,000	159,828
Director	151,000	5,824		33,000	189,824
Director	16,000	1,344		12,000	29,344
Director	142,000	127,680		33,000	302,680
Director	209,000	26,656		36,000	271,656
Director	66,500	4,928		30,000	101,428
Director	37,000	49,000		21,000	107,000
Director				6,000	6,000
Director	88,500	6,720		33,000	128,220
Director	11,000	896		6,000	17,896
TOTAL	1,238,000	279,664		315,000	1,832,664

Appendix 5

Compensation

Senior Management's Emoluments 2012 (\$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	526,950		38,460				552,150
Financial Controller	3,299,758		930,915	132,709			4,363,382
Chief Engineer	2,300,000		930,915	114,997			3,345,912
TOTAL	6,126,708		1,900,290	247,706			8,261,444

All emoluments are stated before tax.

On March 31, 2012, the Acting General Manager who was being shared with Independence Park Limited returned to his substantive post. The Financial Controller of the Foundation was appointed as the Acting General Manager until the post is filled.