

27th October 2022

SAEF PRESIDENTS REPORT, AGM 2022

1. SAEF AND THE NEW EXCO

This report provides the first opportunity for the newly elected executive committee to provide an annual report. The previous meetings completed the reporting requirements for the budget and appointment of auditors. The split between the activities of the AGM and OGM are recognized, but for completeness and integration both the meeting agendas will be addressed in this report.

SAEF has through the disciplines returned to normal equestrian activities, particularly with the lifting of all COVID-19 restrictions in January 2022. During the year we have seen some remarkable successes with over 87 national colour awards made, Thomas van Rijckevorsel winning the Gold Medal at the FEI Youth Olympics in Aachen, Germany; the Women's Team and Individual Tent Pegging Team winning Gold, both individual and team in Jordan, Ananje Schutte won the gold and Cara-Lee Greyling the silver for South Africa. The SA Saddle Seat Senior Team winning bronze and silver in Three-Gaited and Five-Gaited respectively, and the Junior Proteas winning silver in both Three-Gaited and Five-Gaited at the Saddle Seat World Cup in the USA. The South African Polo team beat England in the Nedbank International Event. South Africa's Gretha Ferreira achieved the first 70% for a South African in her dressage test at the FEI World Championships in Herning.

During this meeting we wish to present the following important reporting updates:

1. An overview of strategic developments and the interpretation of the changes in SASCOC to Sports SA, integration of the Provincial Sports Confederations into the Sport SA structure, stability of the working relationship between Sports SA and DSAC;
2. Annual financial statement of SAEF, Audit Report, Grant Funding and Budget;
3. Ordinary and Athlete Membership distribution, numbers and future outlook;
4. Judicial Committee change and call for nominations;
5. FEI Annual General Meeting November 2022, Cape Town, South Africa;
6. Future risk and investment.

2. STRATEGIC OVERVIEW

A. Working relationship SASCOC (Sports SA) and DSAC

At the beginning of the current tenure of the President and EXCO a number of legal challenges and disputes were unresolved. These negatively impacted the relationship and supervision from SASCOC and DSAC of the SAEF. A concerted effort was made to resolve the critical threat of litigation as amicably as possible. The legal costs incurred by SAEF in the last financial year have declined substantively, with remaining matters from the prior year underway towards finalization. No new matter has been raised against SAEF that requires external cost of legal representation.

SASCOC appointed Nozipho Jafta as CEO. In my personal view this represents a change in the tone at SASCOC. The Board of Directors is up for election, while I was approached by multiple disciplines to be nominated, I am unable to become further involved. SASCOC is going through constitutional changes to align with the current Sports Act. One of the key changes is name change to South African Sports Confederation, Olympic and Paralympic Committee known as “**Sport SA**”. The new mission is restated to include high-performance sport, National Olympic Committee of South Africa including the Paralympic sports. An attempt to open up the definition of equestrian sport and motor sport (and others) to potentially recognize more than one Federation was not accepted (constitution clause 21.1). The constitution also does not adequately define the role of Sports SA and the Provincial Sports Confederations. The Provincial Confederations, defined as multi-sport coordinating bodies in each of the nine provinces of the Republic, are members of Sport SA. It remains unclear as to the reporting lines of the Provincial Sports Confederations, potentially leading to two reporting lines for SAEF. The constitution references the Sport and Recreation Act 110 of 1998. Interestingly, the constitution establishes Sports SA as the controlling body for sport in South Africa (constitution clause 10.2). A key objective of the constitution is the reference to transformation. The commercial rights to all international events organized by Sports SA now vest completely with Sports SA (constitution clause 13.6).

Extract of Sport SA Constitution:

“The South African Sports Confederation, Olympic and Paralympic Committee and all its members commit themselves to a unified system of sport based upon human rights, the principles of equity, diversity, non-racialism and non-sexism for all sportspersons. We dedicate ourselves to ensuring development of sport to achieve equitable representation at all levels, and that sport shall never again be used to sow divisions and promote discrimination amongst us.”

“We affirm that the primary mandate for the South African Sports Confederation, Olympic and Paralympic Committee is high performance sport, the overall development of sport, including recreational sport, and the establishment and maintenance of integrity and a good governance framework for sport.”

“PURPOSE: Sport SA, an organisation belonging to the Olympic Movement and duly recognised by the IOC under the Olympic Charter, incorporating the National Paralympic Committee of South Africa, undertakes to comply with the provisions of the Olympic Charter and the International Paralympic Committee Handbook and to abide by the decisions of the IOC and the IPC respectively. The Members of Sport SA shall also abide by the decisions of their respective International Governing bodies. Furthermore, Sport SA undertakes, in accordance with its mission and role at national level, to participate in actions to promote peace, be committed to the principles of promoting diversity, inclusivity and providing equal opportunities to all genders participating in sport. Sport SA also undertakes to support and encourage the promotion of sports ethics, to fight against doping in sport and to demonstrate a responsible concern for environmental issues.”

“MEMBERSHIP: 25.1. NFs with international affiliations: 25.1.1 Olympic and Paralympic 25.1.2 NFs where such NF is recognised and affiliated to an IF member of IOC and IPC governing sports on the programs of the Olympic and Paralympic Games.” SAEF is both affiliated through the FEI disciplines and non-FEI disciplines with an affiliation with an international body. Through the FEI affiliation and Olympic Programme, SAEF holds three votes at an AGM/SGM (Reference Constitution Clause 27.5).

B. Legal disputes resolved during this period with support from SASCOC

To this end the election challenge raised by Lepart/Fourie was resolved as the parties did not take the matter forward. A cost order application has been made to the parties to recover the R88,000 in legal fees that were expended by SAEF in defending this matter. We hope that such a cost order application will prevent unnecessary court challenges in future, before any dispute has completed the course of review and resolution within the organization.

A further dispute raised by the Traditional Racing Association was resolved. It is apparent that there is a similar organization under development supported by the National Horse Racing Authority. In discussion with the Association that had applied to be a member of SAEF, it became apparent that there was a lack of track-record, financial reporting, election and representation, membership. Despite efforts to clarify the situation, the parameters required to recognize the Association ended without conclusion.

The matter of the suspended Secretary General Wessel Strauss, and the following CCMA case, completed the course of legal review with an award of reinstatement. The EXCO considered the potential to take the matter forward on appeal to the Labour Court. Due to ongoing concerns of legal cost, concerns raised by the remaining staff of SAEF components of which remain confidential, and time that had elapsed, the EXCO gave instruction to the President to meet with Mr. Strauss and settle his claim against the organization with payment of reinstatement (paid within budget) and a retrenchment at the level of minimum statutory requirement.

The matter of Muller/Behrens and the ERASA that was referred to SASCOC and the Human Rights Council was settled with Member Muller not renewing her membership of SAEF. Member Behrens assisting with the outline of governance training to meet the requirements of the sanction brought by the Judicial Committee. Member Behrens was reinstated to full membership including lifting her suspension to participate in elected and administrative posts within the SAEF. Members Dos Santos and Askin completed their five-year suspension from elected and administrative positions in the SAEF, and are fully reinstated.

C. One-member athlete/official one-vote

The EXCO issued a notice to all disciplines and provincial federations defining the requirement for the conduct of all future elections that includes a broader democratisation of the federation. While the constitution is focused on club membership and voting rights, this is not aligned with the lowest common membership of the federation. It is apparent that a significant bias is introduced into the voting for council members as district and provincial level. It is now a requirement that clubs breakdown the number of votes received for each candidate in an election. In future I anticipate a shift to an electronic voting system that will capture each member vote directly. The representation of provinces and disciplines with smaller membership numbers will be maintained through the Council structures where a federal representation is inherent in the constitution.

3. FINANCIAL REPORT AND BUDGET

A. Financial Report

During the financial year the EXCO has established and approved the Finance Committee (FinCo) chaired by the Treasurer and attended by the Vice-President and Secretary General. Any member of EXCO may attend the Finance Committee. The FinCo terms of reference are presented to the Council for noting.

The audited annual financial statement is presented during the AGM for approval, and a renewal of the current auditors Harmowize Financial Solutions is proposed.

The financial performance remains stable and appropriate for a non-profit association of members. The reserves of the organization is a total of R5,349,099, including grant funding received in advance of R2,968,746. Considering the operating circumstances of 2021 with COVID-19, a substantive employment settlement of the outgoing Secretary General, a decline in interest income and a modest increase in audit fees, the financial year 2021 loss of R97,507 was considered by the EXCO to be within reasonable parameters. There was an overall inflow of funding into the federation (R427,222) ultimately representing a growth in the non-profit organization.

B. Budget 2023

The EXCO has defined the budget for 2023 using a number of key assumptions. I wish to highlight a few of these, and confirm my support for the budget proposed.

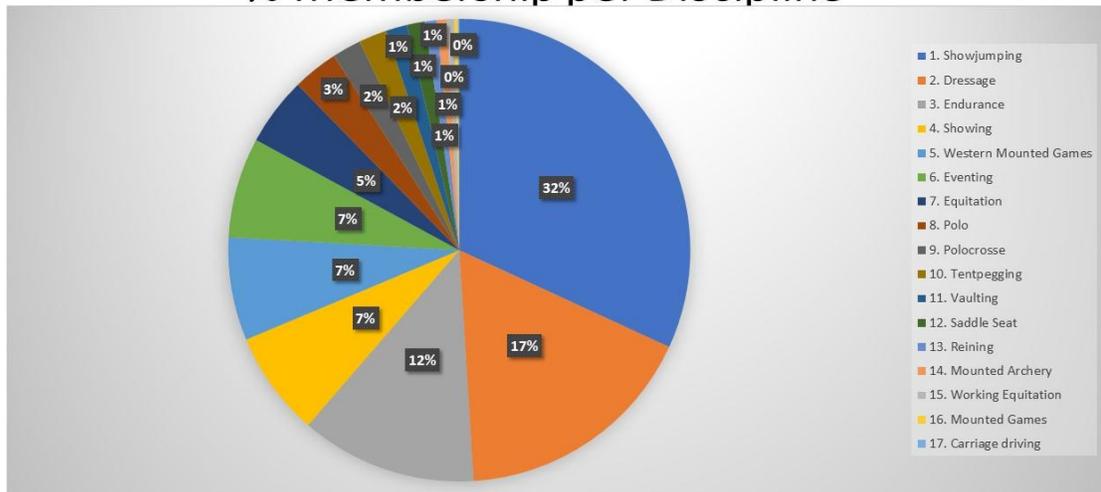
- The revenue is driven by membership fees, while these maintained without an increase since 2019, this year we propose a 15.4% increase for seniors and 15% for juniors. The membership at entry level as defined by the disciplines, was conceded in the financial year 2022 and remains free. Considering the economic situation and emigration from South Africa, SAEF does not anticipate a significant growth in membership.
- Grant funding from the Department of Sport, Arts and Culture (DSAC) has shifted from administrative support to project-based funding. Grant funding from the FEI Solidarity is very important. This represents significant income to the federation. The accounting policy has been changed to account for each of these funding sources separately. Remaining donor funding is accounted as income received in advance, not contributing to the profit or loss of the organization.
- Expenses have been maintained with an estimated increase of 7%, with a notable increase in the staff costs, electricity and generator fuel, banking fees and Payfast, and an anticipated increase in international affiliation costs.
- Expenses that have been substantively curtailed include audit fees, legal cost, meeting expenses (now more online), and a reduced allocation to WADA and horse laboratory testing.
- The staff compliment of SAEF reduced in 2021 with the exit of Wessel Strauss (albeit delayed from 2020). With the increasing activities of the federation, increase in membership and successful grant applications, the EXCO has appointed two additional positions.
 - The first is a position responsible for the implementation of our transformation agenda, coaches and officials' education programme, Horse Welfare initiatives, coordination with disciplines re WADA and anti-doping testing, for both humans and horses, and other new programs.
 - The second position is focused on the coordination of the legal and disciplinary code of the federation at the SAEF offices, and will be the link between the SAEF and the Judicial Committee. The latter position may be secured through an outsourced retention agreement with a legal firm or attorney.
- The DSAC Grant amounting to R1,096,086 is a substantive injection of cash into the federation focused on development in equestrian sport with athletes, officials training, member education programmes, grooms' recognition programmes and a single point of entry database development.
- The budget is planned based on a small profit.

4. ORDINARY MEMBERSHIP AND ATHLETE/OFFICAL

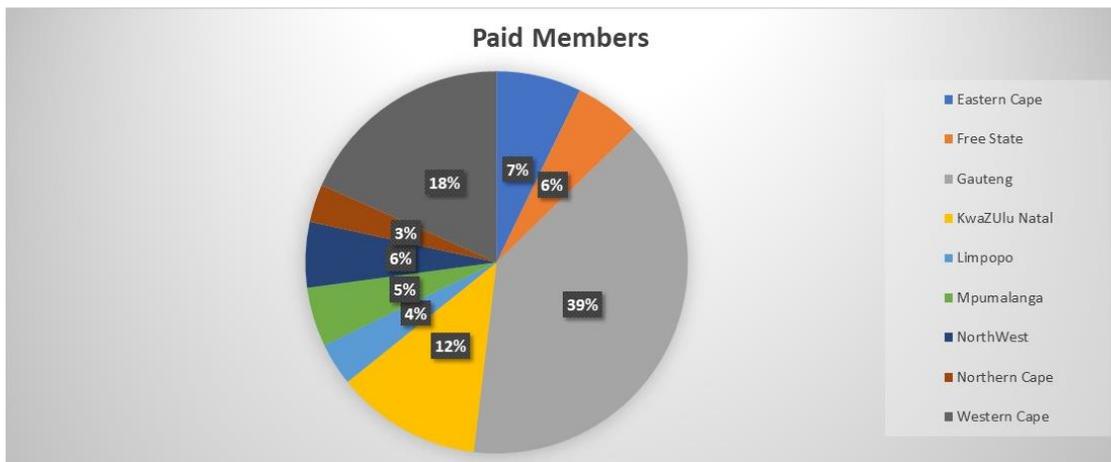
The membership growth in 2021 has been significant, carried forward into 2022. The table below demonstrates membership broken down by discipline and by province. The top three disciplines are: Show Jumping, Endurance and Dressage; the top three provinces are Gauteng, Western Cape and KwaZuluNatal. The growth areas in membership include the entry level and growth in Show Jumping, representing a dissipation of the controversies related to non-affiliated shows, and confusion that SASJ members had with respect to the need to be an SAEF member.

No new discipline or associate member has been recognized by SAEF.

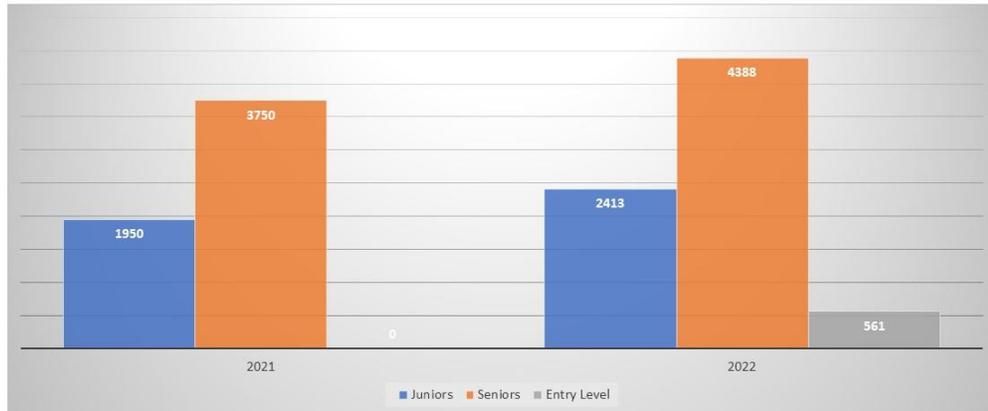
% Membership per Discipline



Memberships per Province



Membership Growth 2021 to 2022



5. JUDICIAL COMMITTEE CHANGE AND CALL FOR NOMINATIONS

One of the key functions of the SAEF is to maintain equity, governance, safe sport and a level playing field. This most often translates to dispute resolution, grievances, disciplinary actions and governance interventions. Much of these situations require input from the Judicial Committee (JC). The membership of the JC is set to change, with a call for nominations to join the panel of Attorneys and Advocates. It is voluntary position. In addition, there has been a call for disciplines to nominate members of the Judicial Panel that are invited to all deliberations of the JC. Once a legal case is heard or goes to arbitration the JC appoints a non-conflicted member of the panel to chair the deliberations. Each discipline is also required to establish a JC to resolve disputes or disciplinary hearings within the discipline.

6. FUTURE RISK AND ASSIGNMENT OF BUDGET AND ACTIVITIES

As President, I recommend that the most significant risks faced by the federation need to be addressed with surplus funding that may arise.

- Following the Sport SA (SASCOC) constitution review SAEF will need to tackle a review of the constitution, with a downstream review of all provincial and discipline constitutions. It is apparent that there is a significant duplication of effort with both discipline and provincial representation. My personal viewpoint is that the business and sport development effort of the SAEF is currently undertaken by the disciplines. While there is cross-cutting activity that does occur in SANESA and Pony Club in particular, the disciplines are responsible for the high-performance components of the sport. I strongly recommend to the federation that we should remain a discipline led association, with provincial

coordination rather than leadership and authority. The constitution working group will be entering into a consultative phase. To date only consultation with the provinces has been undertaken. While the upcoming changes to the Spots Act are widely quoted, the SAEF remains a member based private association and we remain in control of our own constitution. The benefits of provincial leadership may be seen in provincial DSAC funding support, I don't see much of this happening through the federation.

- SAEF does not have substantive reserve bench of staff members, with little to no capability to create succession planning. The federation is heavily dependent on volunteerism from the elected officials and particularly from the Judicial Committee.
- The risk of electricity interruption and cost may require further investment in solar power.
- The African Horse Sickness Vaccine shortage and OBP business failure represents a massive risk to equestrian sport. The incidence of AHS may increase in the upcoming year. While we can address the shortage of vaccine in competition attendance rules, we are not addressing the risk to the horse. SAEF may need to contribute as much as R500,000 to support the legal challenge against the DAAF and OBP to give up the rights to the current vaccine to an outsourced manufacture capability.
- The Provincial Sports Confederations are flexing their authority over the award of sports colours, predominantly over the equity and empowerment criteria. The federation and disciplines will need to address the empowerment deficit in the sport. We have negotiated with the Gauteng Sports Confederation that future colour applications can include the rider and the team (including the groom), and the officials at an inter-provincial event held in the province. Recent events in KZNSC were an anomaly where the sports confederation lost sight of their coordination role in the sport. With support from SASCOC, this will hopefully be resolved by the time of the AGM/OGM.
- While we have managed to curtail legal costs with more engagement of the members, an education drive to inform members of the internal dispute resolution mechanisms is required to maintain the current benefit. Many of the SAEF Provincial Federations remain in disarray with high costs of administration. Consolidation of the administration is recommended.
- The international exchange rate is hurting South Africa, with a weakening rand. Further provision for exchange rate loses are required.

Ian Sanne

President SAEF