

SAEF Budget for 2019

We have had a more controlled year in 2018 with the emphasis placed on getting our systems better defined and improving the information regarding members on our database. This has been a major undertaking, especially in trying to achieve compliance from all Discipline Associations. Improved relationships between SAEF and DA's has led to resolution of a number of these issues and hopefully DA's will continue in encouraging their members to keep their details and subscriptions up to date with SAEF. The same process needs to be followed with Horse Passports and the eventual recording of all horses with their details on the SAEF database. This would have to be done on a systematic basis with support from the DA's, a number of which already have Horse information as well as performance history on their databases. The more that can be user driven and not dependant on office staff, the easier the task will be. The requirement for all horses involved in equestrian sport to have passports with details on a central database is gaining importance, especially with regard to movement and vaccination control.

Our largest cost element is salaries and this reflects clearly the fact that we are an administrative organization relying on competent and efficient office staff as well as an army of volunteers throughout the sport. The main factor to consider is that the continuity is provided by the employed members of staff while the volunteers are (even though many stay involved for long periods) transient in nature. It is important to accept this as a core principal in the successful running of the SAEF. Decisions made by volunteers often remain binding after they have moved on.

Another significant administrative function is the continuous high level and often complex interaction with National as well as International affiliated sports bodies and functionaries. This task requires well-honed skills coupled with experience as any errors are particularly onerous.

We are reliant on member subscriptions for 90% of our funding model and any growth in numbers is obviously beneficial in terms of resource availability as well as using surpluses to build reserves where possible. We were led to believe that member numbers were in the region of 8000 but, in reality, our member base is more like 6000. The 2018 budget was based on these assumptions and has proved inadequate in ensuring that we can fulfil our functions effectively.

Over and above the normal expenditure, it was requested that we make provision for development and this is included in the 2019 budget. We have faced high legal costs this year and this too has created an imbalance in our financial burden. The more we can resolve issues internally and amicably, the more we can utilize our funds for the benefit of our sport. While this would be the ideal, we still have to provide for actions that may arise and must remember that part of our remit is the support of our DA and Provincial Federation members as well as the shared responsibility that arises from this.

As can be seen, the fees required in relation to the expense budget are driven by member numbers and any reluctance on anyone's part, either DA's or members, creates a burden for those who do comply. The model that should be in place is collection at the club level for club, DA and SAEF but there is still a way to go before the requirements for this to be functional can be achieved. Ideally, members should have one point of entry and payment but the gremlins and distrust of the past still affect us adversely. When we have total support by all concerned we will be able to move forward successfully.

Our expenditure budget for 2019 is R3,9 million.

The expense items making up this amount are as follows:

	Amount	%
Printing (Passports and General)	260 000	6,7
Audit & Accounting	280 000	7,2
Salaries, Wages, Staff Welfare	1 530 000	39,3
Bank charges, Payfast, Cr Card, Forex	72 000	1,8
Computer, Internet, Database, Software, Doc Store	167 500	4,3
Couriers, Phone, Fax	100 000	2,6
Travel, Meeting Expenses	574 000	14,8
Development & Transformation	360 000	9,3
FEI Subs (Recovered from FEI members only)	200 000	5,2
Rent, Cleaning	91200	2,3
Depreciation	12000	0,3
Insurance	20 000	0,5
Legal	200 000	5,2

The increase in relation to the 2018 budget is mainly attributable to a more comprehensive Expense profile as a result of actual expenditure this year in relation to the fairly basic budget for 2018 which did not fully take all expenditure items into account. Where savings are possible through changes in approach or functionality, they will be implemented as and when possible. Any surplus will go towards re-building of reserves. No reliance is made upon external funding such as SRSA or Lotto as our applications are still under review by those entities.

Income is derived from membership fees (90%), passport sales and changes of ownership (10%). Income target is R4,4 million net of VAT (keeping in mind the intention to build reserves through generation of surplus).

In order to achieve this, membership fees, based on current paid up member numbers are as follows, a distinction still in place between non-FEI and FEI Disciplines so that FEI subs are correctly recovered.

		Proposed 2019 Fee	Current membership totals
Non-FEI	Junior	575-00	720
	Senior	800-00	1065
FEI	Junior	625-00	1440
	Senior	850-00	2710

(As we are a VAT-registered organization, the above fees include VAT at 15%.)

If we were able to base our fees on membership numbers at the 8000 plus level, being closer to the levels we believe we should be at, the fees would have been approximately 25% lower, but we can only budget on the basis of paid up members who are, in effect, subsidizing those who do not fulfil their obligations. The fees as proposed reflect a monthly cost in the range < R50 pm at the low end to around R70 pm at the high end – not insignificant but nonetheless small in relation to costs experienced in relation to our chosen sport.

We are constantly searching for better ways of applying what are essentially members' funds so that ultimately the benefit is derived by our members. While being part of the SAEF is often seen as a "grudge purchase", the essential nature of correct and effective structures in any sport, ours included, will always have a cost implication from which we will not escape.

There is certainly no guarantee that keeping membership at low levels will result in higher levels of compliance – this is an aspect that Disciplines have to commit to enforcing – the obvious benefit being that if there were a few thousand more members, the fees could potentially be reduced accordingly. Alternatively, the organizational deliverables could be vastly enhanced.

OTHER OPTIONS

There are of course other options to lessen the direct fee collected at SAEF level and derive the required funding in different ways. Always keep in mind that to deliver what the Federation should, it requires, especially in terms of its constitutional obligations, to ensure the Provincial Federations are functional – many Discipline Associations are certainly well advanced and have their funding models at working levels so are less challenging in this regard.

Option A

Reduce the SAEF membership fee by an amount which would be collected at Discipline level instead and paid over to SAEF by the Disciplines. This would enable the credibility already in place at Discipline level to extend to funding the SAEF – the net effect on cost to member would be the same. There could be a differential between entry level and full members as per discipline approach already in place creating a more palatable model for marginal members without driving the wrong behaviour.

Option B

Derive income on a “pay to play” basis by applying levies on entries – this sounds very much like a toll type option but is unfortunately not easy to implement and more importantly has the effect of loading the active disciplines which end up subsidizing the rest – for example, there may be 10 000 entries for Show-jumping per annum, but only 200 for Tent Pegging – this skews the income model in an unfair manner. There would also be the obvious additional administrative burden which means that fees so levied would be adversely affected by the added cost of collection and the consequent reduced financial benefit.

Option C

Run at reduced levels across the board and take out elements such as development, legal provision, no building of reserves and work to a break-even budget. This option weakens the remit of the SAEF in that it merely acts as a statutory admin body and has no capacity for building towards the future. Such a change in philosophy would need to be mirrored in a Constitutional change which, in essence, would also bring the relevance of the Federation into question. Such a change would potentially go against the as all sports federations have a legally enforceable answerability to the Ministry of Sport. “Dumbing down” our Federation with the sole purpose of achieving cost cuts will reduce efficacy even more, leading to service levels that are meaningless and athletes whose interests and aspirations are limited due to being neglected.

Conclusion

The financial model presented strikes a fine balance between an extremely conservative and minimalistic approach while still being in a position to deliver an acceptable level of administration of our sport. By thus ensuring stability in Equestrian Sport it is hoped that with effective underlying structures at Provincial as well as Discipline level, the potential for growth as well as higher levels of excellence in performance can be nurtured.