



SAKELIGA
SELFSTANDIGE SAKEGEMEENSKAP

28 February 2020

To: The Department of Sport and Recreation

Minister Nkosinathi Emmanuel Mthethwa

For attention: Adv. Nkosana Mehlomakulu

By email: nkosana@srsa.gov.za

Dear Minister Mthethwa

RE: Comment on the National Sport and Recreation Amendment draft Bill, 2020

Sakeliga is a business interests organisation representing more than 12 000 members in industries across South Africa.

We have taken note of the National Sport and Recreation Amendment Draft Bill, 2020. The Bill would hold consequences for enterprises in the Sports and Recreation industry. Sakeliga is unconvinced that further regulation of sport and recreation is, indeed, necessary or advisable.

While we disagree with the assertion that further regulation of Sports and Recreation is necessary, we are more directly concerned about the financial implications of the Bill, given the present state of government's budget.

The Bill will put upward pressure on State expenditure

According to the most recent *National Budget Review, 2020*, State expenditure as a percentage of GDP currently stands estimated at 32,6% of gross domestic product, at an amount of around R 1 680 billion for fiscal year 2019/20 (on the main budget). Government's tax revenues for the current year is projected to fall R63,3 billion lower than previously budgeted for in the 2019 Budget Review. Moreover, the 2020 Budget notes necessary spending reductions in the order of R260 billion over the medium-term expenditure framework period. Of these reductions around R101 billion forms part of programme baseline (downward) adjustments and R160 billion is for wage bill reductions. If these reductions are not maintained, the debt to GDP ratio, could worsen in excess of the 71,6% of GDP noted for fiscal year 2022/23 in the Gross debt-to-GDP outlook.

Government, clearly, is attempting to reduce State expenditure. The proposed Bill in question, in our view, will not be supportive of reductions to State expenditure. The Bill, as is noted in the memorandum accompanying the Bill, to an uncertain extent will put upwards pressure on state expenditure. The Memorandum explains that while the current Act is funded from the Department of Sport and Recreation's budget, the amendments, in the form of the draft Bill in question, will have financial implications for the State.



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We quote directly from the memorandum:

5.1 This law has been under implementation and the budget of the Department has been utilised to implement it.

5.2 There will be financial implications for the amendments only.
[Emphasis added].

We, also, remind the department of of the National Treasury's mandate, which requires new policy proposals to be subjected to Socio-Economic Impact Assessments. We quote from the 2016 National Budget Review¹:

Socioeconomic impact assessments became compulsory in September 2015. Departments are required to define the issue that a proposed policy or regulatory change is intended to address, and to assess the consequences of any such change.

Given that the Bill will put upward pressure on state expenditure, and go against moves to reduce State expenditure, we recommend that the Bill be withdrawn from the legislative process at this time.

Thank you for considering our comment.

Yours faithfully,

Gerhard van Onselen

Senior Analyst: Sakeliga

¹ National Budget Review (2016). National Treasury, Pretoria:
<http://www.treasury.gov.za/documents/national%20budget/2016/review/FullReview.pdf> [Date of access: 30 January 2020].

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