



# MOTORSPORT SOUTH AFRICA NPC

Reg. No 1995/005605/08

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## CHAIRMAN'S REPORT TO THE 25<sup>TH</sup> ANNUAL GENERAL MEETING OF MOTORSPORT SOUTH AFRICA NPC

The year 2020 is one that the world would like to forget, but unfortunately the consequences of the Covid-19 pandemic will be with us for years to come. The economic consequences will be felt for at least another 5 years.

The real GDP in South Africa is expected to decline by 7,8%. As a country we have lost approximately 3 million jobs since the start of lockdown - this is a decline from 17 million people with jobs to only 14 million people.

No one is able to predict what the impact of this will be on the 12 categories on motorsport in South Africa - Motorcycle Circuit Racing, Motocross, Cross Country/Off Road & Enduro Motorcycle, Karting, Car Circuit Racing, Rallying, Cross Country Cars, Drifting, Drag Racing, X-Track Racing, Spinning and Oval Racing. We do know that nothing will ever be the same again.

To steer MSA through the maze, the board currently consists of the following people:

CAPACITY	NAME	SURNAME	FINCOM	GOV COM	REMM COM
Chairman	Anton	Roux	√	√	√
Chief Executive Officer	Adrian	Scholtz	√	√	
Financial Director	Anthony	Taylor	√		√
Board Member	Fayaz	Alibhai			
Board Member	Glyn	Hall			
Board Member	Ashwin	Harri			
Board Member	Ed	Murray			
Board Member	Mike	Rowe			
Board Member	Richard	Schilling			√
Board Member	Melanie	Spurr			
Board Member	Sifiso	Themba			
Board Member	Sarel	Van der Merwe			
Board Member	Rakesh	Beekum	√	√	√
Board Member	Greg	Mills			
Board Member	Frik	Kraamwinkel			

*MOTORSPORT SOUTH AFRICA IS THE ONLY RECOGNISED MOTORSPORT FEDERATION IN SOUTH AFRICA*



Directors: A. Roux (Chairman), A. Scholtz (Chief Executive Officer), A. Taylor (Financial), F. Alibhai, R. Beekum, FC. Kraamwinkel, G. Hall, A. Harri, Dr G. Mills, M. Rowe, R. Schilling, Ms M. Spurr, S. Themba, S. Van der Merwe

We have 5 board members leaving the company at this AGM having completed their terms of office and one that resigned earlier this month. I would like to express my appreciation to Anthony Taylor, Fayaaz Alibhai, Glyn Hall, Ed Murray, Mike Rowe and Sarel van der Merwe who dedicated their time, commitment, knowledge and expertise to motorsport and MSA. Thank you very much.

Rather than just providing a comment on the 2019 year, I would like to provide more commentary on events since the last AGM held in July 2019, under the heading of “The Good, The Bad and The Ugly”. I will begin with the ugly and end off on a positive note.

#### Firstly - “The Ugly”

- Since the beginning of 2019 there have been 11 Courts of Enquiry, 7 Courts of Appeal and 1 National Court of Appeal relating to matters in Karting. Six of the matters in the 11 Courts of Enquiry have related to verbal or physical abuse of competitors or officials. This is even more concerning given that the majority of competitors in Karting are children. This is one of the reasons why there will be some changes in Karting going forward. The Karting Working Group has agreed on a vision for Karting with the two Karting promoters in the country. I would like to thank Richard Schilling and the other members of the Karting working group for the work done this year.
- MSA and some other officials and individuals close to the sport have had to endure a relentless attack since December last year by Steve Wyndham, a former competitor. Mr. Wyndham has made false and defamatory accusations of theft and corruption about MSA employees, directors and former directors. MSA and the other applicants have obtained two court orders against Mr. Wyndham. Mr. Wyndham has complied with one of the conditions of the court order and publicly apologized. Unfortunately, within one week of his public apology, he has started attacking MSA again. Mr. Wyndham has also been invited on three separate occasions to meet with me or the board and he has not once accepted, or even acknowledged, an invitation to engage with MSA. The huge concern we have is that Mr. Wyndham is damaging the reputation of the sport and all involved with it. Sponsors are very concerned about any reputational damage and would rather not be involved in any sport, team or event where there could be any negative impact on them. We have tried to positively engage with Mr. Wyndham on numerous occasions and have unfortunately had to resort to the legal route to protect the interests of both the company and our sport.

#### Secondly - “The Bad”.

- Historically there are approximately 450 events every year licensed by MSA. Prior to the 2020 lockdown, there were only 78 events. We petitioned to government and were given approval to start competing again in July. Since then, 84 events have been held with another 58 events planned in the last two months of 2020. The total number of events for 2020 should amount to 220 events which is roughly half of what we would normally have in a year.
- We have had a very careful look again at our personal accident insurance cover that protects our competitors and officials. The following table represents

- a summary of our paid premiums and claims incurred.

<b>Year</b>	<b>Gross Written Premium Rand</b>	<b>Gross Claims Incurred Rand</b>	<b>Gross Loss Ratio Incurred</b>
2014	1 171 769	3 263 592	279%
2015	3 939 655	2 851 927	72%
2016	3 244 794	4 364 447	135%
2017	4 037 421	3 721 649	92%
2018	3 903 422	6 770 024	173%
2019	4 422 970	4 947 488	112%
2020	3 222 458	1 650 435	51%
	<b>23 942 491</b>	<b>27 569 561</b>	<b>115%</b>
<b>Accumulated Loss</b>		<b>-3 627 070</b>	

With 58 events to go till the end of the year, it is too soon to predict where the 2020 claims ratio will end up. However, if the claims ratio stabilizes at the current level, the underwriters have indicated that they will return a “no claim bonus” to MSA. Any such “no claim bonus” that may be forthcoming will be utilized to the benefit of competitors and officials who enjoy cover through the policy.

#### And lastly - “The Good”

- We are allowed to race again! It was, and still is, a significant achievement that we managed to find a solution with the Department of Sport and Recreation to enable motorsport in South Africa to commence again whilst under level 3 lockdown. I need to thank all of those that assisted in making this happen and especially Denise Abrahams, who assisted MSA with our application to the Department of Sport and Recreation.
- Credit must go to the board members and management that preceded me at MSA. At the end of December 2019, MSA had a member’s equity of R 10,156 million. This clearly places MSA under no short-term financial duress and we have thus been able to meet all of our financial obligations during this period.
- At this AGM, the CEO will also announce that the board has chosen to return approximately R 1 million to competitors and members in 2021 in the form of rebates on 2021 licenses for those competitors that renewed their annual licenses prior to the start of lockdown on 27 March 2020, and to provide a rebate on membership fees due to MSA in 2021.
- Last year we identified a number of weaknesses in our sport. One being that of the number of qualified officials in motorsport. We have used the lockdown period effectively and it pleases me to inform you that a total of 386 individuals attended and completed our online training webinars.
- Like every track in the country, Killarney International Raceway has had to endure the shock of Covid-19. Fortunately, a combination of prudent management and sound planning has seen the WPMC with a cash reserve which, together with cost cutting and other measures, saw it weather the worst of the storm.
- Moreover, the WPMC used the break in competitions to prepare, under its current President, a strategy for the renewal of its lease, which expires at the end of 2022. The

application process is now underway and is expected to be completed by the middle of next year. The lease renewal strategy was prepared in conjunction with Wesgro, the investment agency of the Western Cape government, and has received endorsements worldwide from the likes of Jean Todt, Emanuele Pirro and Ginetta's Dr Lawrence Tomlinson. The strategy put figures to motorsport's contribution which makes seminal reading for all of us, and I urge you to read the document which is available on the MSA and WPMC websites. Killarney is a R230 million facility funded in its entirety by members and not a penny of government money. It contributes an estimated R350 million annually to the economy. WPMC will continue with WRX next year and has plans to put on an international endurance race in our summer months. I would like to thank the WPMC President, Dr Greg Mills, for not only his role at Killarney but also in assisting the KWG in achieving consensus around some of its more finely argued points.

In conclusion, I'd like to remind everyone that we have many explanatory documents, reports as well as updates available on the Motorsport South Africa website. I'd also like to thank everyone for standing together for Motorsport in South Africa. This year has been trying for all of us and I am pleased to see the continued passion that exists within competitors and supporters towards motorsport.

Anton Roux  
3 November 2020