



PUBLIC PROTECTOR
SOUTH AFRICA

MEDIA STATEMENT

Date: Monday, 03 September 2018

For immediate release

Attention: Editors/ News desks

Subject: Public Protector hearings on Gauteng Horse Racing Industry postponed indefinitely

Public Protector Adv. Busisiwe Mkhwebane is disappointed that the public hearings into the Gauteng Horse Racing Industry, which were scheduled to commence this week, will not go ahead as planned.

This comes after an interested party in the matter, Phumelela Gaming and Leisure (PTY) Limited, obtained an interdict from the North Gauteng High Court in Pretoria on Monday afternoon to have the hearings postponed until further notice.

“We have noted the court order. What is important is that the investigation itself has not been interdicted. Therefore normal investigative processes will continue. This means we will still hear from witness but not out in the open as it would have been the case with the public hearings,” Adv. Mkhwebane said.

It came to the Public Protector’s attention on Friday, August 31, 2018 that Phumelela had approached the High Court for an urgent interdict. Her office opted not to defend the matter.

The hearings would have formed a critical part of her investigation into allegations of maladministration and improper conduct relating to a Memorandum of Understanding (MOU) concluded between the Gauteng Provincial Government (GPG) and the Gauteng

Horse Racing Industry 21 years ago. The MOU led to the transfer of certain racecourses to Phumelela.

The investigation followed three complaints received between 2012 and 2013, all of which stem from the MOU in question. The MOU sought to re-organise the industry into a single corporate structure, reduce the involvement of the GPG in the sport and make the sport economically viable.

Following the conclusion of the MOU and the dissolution of the Horse Racing Development Fund (HRDF), Phumelela was formed and listed on the Johannesburg Stock Exchange.

The complainants alleged, among other things, that the MOU was improperly concluded and resulted in a monopoly enjoyed by Phumelela and Gold Circle (PTY) Limited to the detriment of new industry entrants and that grooms did not benefit from an amount of R17, 5m allegedly paid to Phumelela by the HRDF as per an alleged agreement reached during industry corporatisation negotiations.

There was also an allegation that former Gauteng Finance and Economic Development MEC, Mr. Jabulani Moleketi, had failed to take into consideration the objections submitted by the provincial Gambling Board regarding the corporatisation and transfer of state assets.

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