



PUBLIC PROTECTOR  
SOUTH AFRICA

## **MEDIA STATEMENT**

**Date: Wednesday, 29 August 2018**

**For immediate release**

**Attention: Editors/ News desks**

**Subject: Public Protector holds hearings on alleged improprieties relating to the corporatisation of the Gauteng horseracing industry**

Public Protector Adv. Busisiwe Mkhwebane will from early September 2018 hold public hearings on the corporatisation of the horseracing industry in Gauteng at her office in Pretoria.

The hearings form part of Adv. Mkhwebane's 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 horseracing industry 21 years ago. The MoU led to the transfer of certain racecourses to Phumelela Gaming and Leisure (PTY) Limited.

Adv. Mkhwebane's investigation followed three complaints received between 2012 and 2013, all of which stem from the MoU. The MoU sought to re-organise and restructure 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 first complaint about the agreement was lodged in 2012 by Ms. Phindi Kema, who alleged that the conclusion of the MoU was improper and constituted maladministration, as it did not follow any parliamentary consultation process. Ms. Kema added that the MoU resulted in a monopoly of the industry in favour of two private companies, namely Phumelela and Gold Circle (Pty) Limited. This, she alleged, was to the detriment of other potential entrants to the industry.

Ms Kema further alleged that as a result thereof, the horseracing clubs in Gauteng and other provinces “handed over” horse racecourses to Phumelela for free, some of which were later sold for profit at exorbitant amounts.

In the same year, the Public Protector received another complaint from Mr. Chophelekhaya Simoto, the President of the South African Grooms Association (SAGA). Mr. Simoto alleged that, during the negotiations to corporatise the industry, it was agreed that an amount of R17, 5 million would be paid to Phumelela by the HRDF for the benefit of the grooms. He complained that, since the grooms were not educated, Phumelela did not release the money to them nor did it engage them with regard to how the money was going to be disbursed to them.

The last complaint was received in 2013 from Mr. Hanif Manjoo (Mr. Manjoo), a former employee of the Gauteng Gambling Board (GGB). He alleged that, in transforming and corporatising the industry, the GPG disregarded the legislative prescripts regulating the disposal of the government’s assets.

Mr. Manjoo further alleged that the former Gauteng MEC for the Department of Finance and Economic Affairs (GDFFEA), Mr. Jabulani Moleketi, failed to take into consideration the objections submitted by the Horseracing Committee of the Gauteng Gambling Board, regarding the corporatisation of the industry and that the transfer of state assets was improper.

The first round of hearings, where Adv. Mkhwebane will hear evidence from the complainants, will take place as follows:

**Date: Tuesday, September 04, 2018**

**Venue: Conference Room, Public Protector House, 175 Lunnon Street, Hillcrest Office Park, Pretoria**

**Time: 09H00**

The hearings are open to the media. Journalists who are interested to attend are hereby advised to confirm attendance with Mr. Salvation Mokgathe on [salvationm@pprotect.org](mailto:salvationm@pprotect.org).

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