



the dti

Department:
Trade and Industry
REPUBLIC OF SOUTH AFRICA

REPORT TO THE PORTFOLIO COMMITTEE ON THE SOUTH AFRICAN GROOMS ASSOCIATION AND ITS PARTICIPATION IN THE HORSERACING INDUSTRY

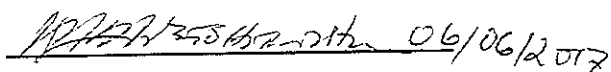
- 1.1 In line with the undertaking, Mr Tefo Raditapole from Tokiso Dispute Settlement (Pty) Ltd was appointed by the dti to assist with the facilitation process. Parties who participated during the facilitation processes were SAGA, South African National Grooms and Assistant Trainers Association (SANGATA), the dti, National Gambling Board, Racing Association, Phumelela Racing and Leisure (Phumelela) and the NHASA. Phumelela Gaming and Leisure indicated that they do not want to engage SAGA because the latter makes threats of violence and tried to extort money from them.
- 1.2 On the threats of violence, the SAGA was advised to desist from making threats as that will defeat the whole objectives they are trying to achieve. It became clear that SAGA only requested funding for R5 million and that is what was regarded as extortion because SAGA indicated that they are entitled to receive the money as it is money that was earmarked for horseracing development. It was also pointed that the request did not necessarily amount to extortion.
- 1.3 Since the grooms needed a forum to express their views as an important stakeholder in the industry it was pointed that the NHASA is not the relevant forum and instead the Horseracing Industry Liaison Committee (Liaison Committee). The Liaison Committee is a forum which is chaired by Mr Larry Weinstein (CEO of the Racing Association) where all industry role players participate to address all industry issues and if there is a complaint against one role player such will be referred to the stakeholder affected for resolution which must be reported in the next meeting. This was regarded as a better place since even trainers who employ grooms participate at the Liaison Committee.

- 1.4 It was resolved that the Grooms should participate at the Liaison Committee where all stakeholders meet to discuss issues pertinent to the industry. The SAGA and SANGATA will each have a representative in each of the regions that the Liaison Committee holds meetings. It was also resolved that the two associations will be allowed to participate in the Liaison Committee for a period of 12 months and after that period each association must prove that they represent at least a third of the grooms in each of the regions for them to continue participating at the Liaison Committee. SAGA also raised concern that Phumelela is funding the operations of SANGATA but they refused to fund SAGA. This matter could not be resolved as Phumelela refused to assist SAGA financially despite admitting that they cover some expenses for SANGATA.
- 1.5 After the agreement was signed by all parties **the dti** continued to receive complaints from the Racing Association that the SAGA continues to make threats of violence. SAGA on the other end complained that they are prevented from entering the Phumelela premises where the grooms are housed and that this will make it difficult for them to bring the proof of membership at the lapse of 12 months. Further it was indicated that they are dismissed whenever they try to speak.
- 1.6 **the dti** continued to engage both parties in order to ensure that the common understanding is reached. Upon the lapse of the 12 months **the dti** was advised that Phumelela appointed Resolve Communications to manage elections for grooms to elect their representatives in the Liaison Committee.
- 1.7 It appeared to **the dti** that this process will undermine the associations to organise themselves and elect their own representatives. This was pointed to Resolve Communication and that the process can be supported if all associations are happy. SAGA inquired if **the dti** is aware of the election process as they were not happy with them as the industry helped create a new association called the Progressive Movement for Grooms (PMG) which was to be favoured by the elections. **the dti's** position was explained to SAGA on the elections and Resolve Communication was advised that it will not be a good idea to proceed with the elections while SAGA is not happy.

- 1.8 The elections were stopped and Resolve Communication continued to engage parties in a series of meetings to help parties come with a lasting solution to the issues and **the dti** participated. This culminated with a resolution that the associations should continue participating at the Liaison Committee even when they cannot prove that they represent at least a third of the grooms. It has also been pointed that the SAGA and SANGATA are no longer fully in attendance of the meetings and to that the associations indicated that there is no room to speak or be listened to at the Liaison Committee as the Chairperson dismisses their views every time.
- 1.9 **the dti** has noted that the legislation regulating gambling only focuses on the betting in the horseracing industry. There is no legislative mandate to address other issues like breeding, training and even the race itself. This, **the dti** wishes to address in the National Gambling Amendment Bill by empowering the National Gambling Board to monitor the operation of the NHASA. The monitoring of the NHASA as the self-regulating body of the industry will ensure that all activities in the horseracing are monitored through the standard operation criteria to be approved by the National Gambling Policy Council. There is a view that there must be an independent statutory regulator for the industry to prevent any form of abuses in the industry. This is a view that may need to be explored as the National Gambling Amendment Bill is developing and the approved policy already made provision that the limited regulation will one-day pave the way for a full regulation of the horseracing industry.
- 1.10 **the dti** also met with the Competition Commission wherein the latter was reporting on the investigations conducted in the horseracing industry. It was outlined that while they found the existence of anti-competitive behaviour they opined that the issues identified can be addressed without a referral to the Competition Tribunal. The Commission recommended that **the dti** consider legislative amendments to address the issues uncovered in their investigations as indicated below.
- 1.10.1 The Commission recommended that the NHASA be recognised in terms of the National Gambling Act in order to address issues of funding. Currently the funding is at the discretion of the industry and that does not guarantee the independence of the body.

1.10.2 Second issue was the exclusive agreements signed by Phumelela and Gold Circle with international horseracing bodies to the total exclusion of other operators in the space. This was found to be improper as Phumelela and Gold Circle charges unaffordable rates to other role players like bookmakers who are themselves prevented from entering into similar agreements. **the dti** advised that the draft Bill is proposing measures to address this by empowering the provincial licensing authority to regulate the prices charged by the horseracing operators. The NHASA will be recognised and monitored to ensure that self-regulation is fair to all role players involved.

Signed:

 06/06/2017

MR MACDONALD NETSHITENZHE

ACTING DEPUTY DIRECTOR GENERAL: CCRD

06/06/2017